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FINANCIAL TIMES

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Saturday August 4 1984

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SAVINGS AND INVESTMENTS

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A Stately sort of day trip

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Neil Kinnock talks to the FT

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OLYMPIC GAMES

Showcase of American muscle

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SUMMER DRINKS

Champagne—or softer options

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WORLD NEWS

U.S. eases sanctions on Poland

The Reagan Administration yesterday formally announced the lifting of some sanctions imposed on Poland after martial law was introduced in December 1981.

It gave the amnesty for political prisoners as its reason. But the suspension of "most favoured nation" trading status will remain.

The U.S. will also continue opposing Poland's bid to join the IMF until 11 leading dissidents and Solidarity union members are freed.

Rail strike called

Rail union leaders called for a one-day tube and main line strike in the London area on September 12, in protest at line closures and job losses. Back Page

UK-German fares cut

Lufthansa agreed to British Airways proposals to cut air fares between Britain and Germany by over a third. British Caledonian fares will also come down. Back Page

Tories' income jumps

Company donations to the Conservative Party rose 80 per cent to £2.7m, the Labour Research Department calculated, adding that the true figure could be £4.9m. Back Page

Peres's hopes rise

Labour opposition leader Shimon Peres appears to have strengthened his chances of being nominated Israel's next Premier. Page 2

Ferry captains blamed

A Government inquiry into the collision of two ferries off Harwich in December, 1982, in which six people died, criticised both captains for navigational errors.

Guerrillas give up

Four left-wing Salvadoran guerrilla holding about 100 hostages in a Soyapango bank surrendered after failing to find a company willing to grant them asylum.

Airport blast kills 29

A bomb blast at Madras airport, which killed 29 people, was believed to be a misfired plan by Tamil separatists to blow up two Sri Lanka airliners.

Taken for a ride

Yugoslav police arrested a bogus doctor whose treatment for village women's ailments was to have them ride naked on imaginary horses around a cemetery at midnight.

Olympics special

The Americans are winning all the medals, but their news coverage is winning criticism for its pro-U.S. bias, reports Michael Thompson-Noel. Page 11

MARKETS

DOLLAR

New York lunchtime
DM 2.883
FFr 8.73
SwFr 2.406
Y241.70

STERLING

New York lunchtime: £1.33035
London: £1.3275 (1.311)
DM 3.708 (3.786)
SwFr 3.1925 (3.21)
FFr 11.67 (11.63)
Y230.5 (231)
Trade weighted 78.8 (78.7)

LONDON MONEY

3-month interbank
mid rate 12% (12%)
3-month eligible bills
buying rate 11% (11%)

STOCK INDICES

FT Ind Ord 8314 (+22.3)
FT-A All Share 499.43 (+2.3%)
FTSE 100 1065.0 (+25.9)
FT-A long gilt yield index:
High coupon 10.85 (11.11)
New York lunchtime:
DJ Ind Av 1,164.1 (+18.33)
Tokyo:
Nikkei Dow 10,233.61
(+146.74)

U.S. LUNCHTIME RATES

Fed Funds 11.5%
3-month Treasury Bills:
10.45%
Long Bond: 10.5%
yield: 12.0

GOLD

New York: Comex August latest
\$352.1 (\$344.4)
London: \$348.375 (\$343.75)

Chief price changes yesterday, Back Page

BUSINESS SUMMARY

W. Germany upset at U.S. trade block

WEST GERMANY plans to ask other industrialised nations to help it press the U.S. Government to reduce what it calls unjustifiable obstacles to technology transfers to its allies.

The Technology Ministry in Bonn said Washington had interfered with trade in products containing U.S. parts but not necessarily destined for West German countries. Back Page

EQUITIES: FT Industrial

Ordinary Share Index staged a week's record advance of 55 points to 8314 after heavy trading. The FT-Actuaries All-Share

Index closed a little over half

a point short of the 500 mark after a sharp rise this week. Page 18

FINANCIAL CORPORATION

of America, parent of the biggest U.S. savings and loan association, has cut 200 jobs and closed about 12 offices in California to reduce overheads. Page 15

LLOYD'S underwriters are

refusing to pay out a £20m insurance policy covering Minet Holdings. Richard Beckett Underwriting Agencies against losses due to staff errors. Page 2

WESTLAND HELICOPTERS

and its British Hovercraft Corporation subsidiary are to cut more than 700 jobs within 15 months at three West Country factories because of low orders.

PUBLISHER Rupert Murdoch

has accepted defeat in his attempt to buy ST Regis, the U.S. paper group, but he may keep his 5.6 per cent shareholding. Page 13

BRITISH RAIL Engineering

has won a £22m contract to build BR's first diesel multiple units for 20 years, beating off competition from Metro-Cammell. Page 3

GUARDIAN: Talks were going

on last night in the hope of solving an inter-union dispute which prevented the publication of yesterday's London edition of the paper. Page 2

BMW: West German car and

motorcycle maker, has told shareholders it believes it can make a full recovery from the seven week metalworkers' strike. It reported world sales revenue for the first six months was 18 per cent higher at DM 8.2bn (€2.2bn). Page 15

Financial Times

We apologise for any typographical errors in this edition caused by production difficulties in the reading department.

London and New York optimism lifts markets

BY PHILIP STEPHENS AND ALEXANDER NICOLL

BRITISH SHARE and government bond prices rose sharply yesterday, and UK interest rates fell, as a new mood of optimism swept through financial markets in London and New York.

On foreign exchange markets the dollar dropped steeply from its recent peaks, amid speculation that a deceleration in the U.S. economy may halt the trend of rising interest rates.

The British authorities took advantage of the markets' rally to announce the issue of a £1bn tap stock — the first time they have felt confident enough to offer such a large issue since the end of April.

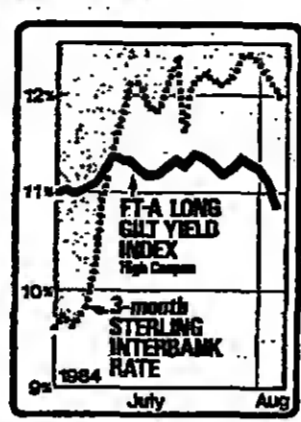
Prices for gilt-edged rose by as much as 24 points, taking gains for long-dated stocks up to five points during the week.

London share prices taking their cue from the strength of Wall Street, surged for the second day running, with the FT Industrial Ordinary index up 22.3 points to 8314. The gain during the week was 55 points, the largest ever in terms of points.

By early afternoon yesterday, the Dow Jones industrial average in New York was up about 38 points, at 1198.

The renewed optimism, after the upheavals of last month, was also reflected in lower interest rates on the money market.

Along with sterling's steadier performance on foreign ex-



change markets, this prompted speculation that base lending rates may soon fall.

Aside from the recent recovery of U.S. markets, gilt and share prices are benefiting from expectations that the growth of Britain's money supply has slowed considerably in recent weeks, improving the domestic outlook for interest rates.

Mr Stephen Lewis, senior monetary economist at broker Phillips and Drew, said that substantial sales of government stock are likely to have reduced significantly the growth rate of sterling M3, the most closely watched indicator of the money supply in July and August.

Simon & Coates, the broker, said that it was too early to talk of a cut in base rates from 12 per cent, but if the downward shift in money markets were to continue the banks might consider cutting their rates.

The British authorities, having resisted the rise to 12 per cent as unjustified by domestic conditions, are thought unlikely to resist a cut if the present trend in the money markets is sustained.

Brokers and foreign exchange dealers, however, struck a cautious note over the outlook for coming weeks and months. They said it was still uncertain as to whether U.S. interest rates had peaked, while the dollar's fall, which followed news of a rise in U.S. unemployment, could be temporary.

On the London stock market shares of large companies, especially those with U.S. interests, were the main beneficiaries of buying by UK institutions, which had accumulated funds during the uncertainty of the past few weeks.

The Bank of England said that the tap stock—11 per cent Exchequer 1989, which will go on sale from next Wednesday—

Continued on Back Page

U.S. unemployment figures, Page 2

Money Markets, Page 17

Stock Exchange report, Page 18

NCB agrees to keep offer open

BY JOHN LLOYD AND BRIAN GROOM

THE National Coal Board's final offer to the National Union of Mineworkers is to be left on the table for the time being, but may be withdrawn by Mr Ian MacGregor, the NCB chairman, on his judgment at any time.

This, proposed by Mr MacGregor, was agreed at a meeting of the 11-man NCB board yesterday.

The offer withdraws all proposals to close capacity in the immediate future on condition the NUM agrees that pits which cannot be "beneficially developed" may close. It will certainly remain open until next Friday, when the union holds a special delegate conference in Sheffield to consider the board's offer and review progress of the strikes.

It is hoped that a decision to resume negotiations will emerge from there as a slim-though delegates from a number of areas where pits are working may be mandated to vote for such a move. While the union's leadership is clearly keen to

renew talks, it has shown no signs of the softening of its position which the NCB has said would be a prerequisite.

Yesterday's board meeting also decided to set up a special company to help tackle the problems faced by miners when they leave the industry.

The NCB is continuing its propaganda drive to secure a return to work. A special issue of Coal News, the NCB's paper, will go to all miners early next week, publicising details of the final offer under the heading "A fair offer to all miners."

The Sheffield conference will again discuss the large scale amendment to the NUM's rule 51, passed by its annual delegate conference last month, which tightened national level disciplinary procedures. The new rules were ruled unlawful by the High Court after an application by the working Nottinghamshire miners, and a circular to next week's delegates says that because of that it must be discussed again.

The Notts area council meets

on Monday to discuss the conference and to determine whether it will send delegates to the NUM's conference.

Miners-to-it. Leaders of the working miners expect serious disturbances if they attend, but some feel that they should be represented for their views to be heard.

Meanwhile, the threat emerged last night of a confrontation with dockers at Hunterston on the Clyde, over imports of coal for the British Steel Corporation's Llanwern plant.

A ship is believed to be heading for the terminal carrying coal for the steelworks. It is due on Tuesday evening.

Dockers decided on Thursday to support the miners' blockade by blacking all coal imports through Hunterston. Discussions with the port's management have so far failed to resolve the problem.

Continued on Back Page

Details of career scheme, Page 3

London rail strike threat, Back Page

Lloyds' first-half figures disappoint

BY MARGARET HUGHES

LLOYDS BANK yesterday reported disappointing results for the first half of the current year. The last of the big clearing banks to announce its figures, it unveiled pretax profits of £210m for the six months to June 30.

While this was 8 per cent more than the comparable period last year, it was 7 per cent down on the preceding six months.

The interim dividend is to be increased, however, by 7 per cent to 9.5p a share. The bank's shares, which had risen 5p before the results, closed 10p down on the day at 450p.

The profits were lower than major brokers had forecast, and the increase was smaller than the rises reported by Barclays and National Westminster, the two other clearing banks which increased profits.

Barclays reported an 18 per cent rise.

The Midland, which was the first to report, fared less badly than feared. Although its pretax profits were almost halved

due to the losses of Crocker, its troubled U.S. subsidiary, they were at the top end of brokers' forecasts.

Announcing the results yesterday, Mr Brian Pitman, Lloyds' group chief executive, said that profitability was again substantially affected by the charge for bad and doubtful debts. This rose to £113m from £90m a year ago but was down a little from the £120m in the second half of last year.

While profits were up on the domestic front they fell sharply on international operations.

Mr Pitman attributed the slowing in pre-tax profit growth to "adverse conditions in Latin America" and the 21 per cent drop in after tax profits to the higher effective tax charge re-

sulting from the budget changes.

Lloyds is making extraordinary provisions of £485m to cover the Budget's impact on its leasing business.

The domestic contribution to pretax profits, although 33 per cent up on the same period last year at £33m was 2 per cent down on the second half of 1983. International profits of £58m were 17 per cent lower than the same period last year and down by 14 per cent on the second half of 1983. This compares with a 40 per cent profit rise over the whole of 1983. Here again there was a substantial debt provision.

Specific provision for international loans, rose from £16m a year ago to £24m.

However Lloyds covers its sovereign risk losses within its general provisions. At £48m these were down slightly on a year ago but £13m higher than the amount set aside in the second half of the year. A "large chunk" of these provisions, Mr Pitman said, was against sovereign risk loans.

Lloyds results, Page 14

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START LINE CHAOS at Barclays Bank, Farringdon Street, as would-be Jaguar shareholders bump and bore to get to the front with their share applications

Buyers rush for Jaguar shares

BY ALISON HOGAN

CROWDS OF hopeful buyers converged from 6.30 yesterday morning on a Barclay Bank branch in the City to submit last minute applications for shares in Jaguar, the luxury sports car manufacturer, which is being privatised.

The offer for sale of over 177m shares at 165p each is thought to have attracted a record number of applications for a new issue, and has been over-subscribed, possibly seven or eight times. Jaguar's advisers, merchant bank Hill Samuel, expected to close the count early today.

The basis of allotment will be announced on Monday. Jaguar's advisers will today select the applications by a random device, that algorithm.

"We would like to see a well-balanced register of shareholders including both small investors and large institutions," said Mr Trevor Swire, a director of Hill Samuel. He admitted it was impossible to determine which applications were from speculators hoping for a quick profit by selling their shares when dealings begin, and which came from genuine investors to hold back their shares for a long time.

The market expects the shares to rise immediately by about 50p to about 800p when dealings begin on the Stock Exchange on Thursday. The opti-

mism has been boosted by a 7 per cent improvement in the value of the stock market since the offer price was fixed and a further strengthening of the dollar against sterling. Jaguar benefits from the strong dollar because of its exports to North America.

The sale was denounced by Mr Peter Shore, shadow industry secretary, who said the taxpayer had been swindled and £1 had been forced to sell its profitable subsidiary for a song.

The rest of the company, not yet at break-even, would be that much weaker.

Mr Paddy Ashdown, Liberal spokesman for trade and industry, said, "Let's again the Government's record of privatisation."

The knock-down sale of Jaguar was bad news for ordinary taxpayers and had no justification in commonsense.

For two hours yesterday, the normally peaceful foyer of Fleetway House in Farringdon Street, London, resembled the start of a sale at Harrods china department.

People poured through the doors carrying suitcases, carrier bags, and cardboard boxes stuffed with share application forms.

"It is like an upper class bazaar," said one young policeman watching the seething mob from the door.

People crouched in corners, or stood pressed against the wall, hurriedly scribbling out cheques and signatures by the dozen. Boxes of forms were emptied on the floor to be grabbed by the fastidiously thrust into baskets which hard-pressed Barclays staff patiently ferried to and fro.

Much of the staff's effort will have been wasted. Upstairs on four different floors of Fleetway House an army of workers were sorting out the forms by value. They quickly learnt the art of spotting the multiple applications, and ruthlessly rooted them out with the aim of confining them to one per person.

Jonathan Carr in Frankfurt writes: West German investors flooded their banks with requests for Jaguar shares, continuing their recent interest in new issues.

Jaguar's appeal is obviously just as big as Porsche's, one Frankfurt banker said, referring to the highly successful flotation of part of Porsche's share capital in April.

German bankers said investors sought Jaguar shares because of the share improvement in the company's results, combined with the establishment of a Jaguar sales and marketing company in Germany and an aggressive advertising campaign.

More pictures, Page 9

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Fidelity INTERNATIONAL

Ericsson drops plan for East bloc sales

By David Brown in Stockholm

L.M. ERICSSON of Sweden, the Nordic region's largest communications and electronics company, has scrapped plans to sell its advanced digital telephone exchanges to Bulgaria and other East bloc countries.

The decision was forced under pressure of tougher U.S. export restrictions on the sale to the East of high-technology equipment using U.S. components.

It also averts a potential tussle between the U.S. and other Western allies in the Co-ordinating Committee (CoCom), which only recently arrived at a compromise agreement on new export restrictions covering technology deemed to be of military significance.

The agreement applies to sophisticated telecommunications switching gear to the end of 1988 on the basis of what are seen as its potential military command and control applications.

Neutral Sweden is not a member of CoCom and therefore not required to abide by the July decision.

However, many Swedish high-technology export goods rely heavily on components from CoCom countries. Ericsson's AXE digital exchange, for example, uses American parts extensively.

"We consider ourselves bound by these rules in the same way as any other supplier," Mr Magnus Lemmel, an Ericsson director responsible for trade/political affairs, said.

Ericsson has allowed its bid on the Bulgarian project to lapse because we do not see any possibility of any Western company—including Ericsson—being granted the necessary export licences from the U.S.," Mr Lemmel added.

Less than 1 per cent of the group's annual turnover is generated in the East bloc, while fully 10 per cent of sales are in the U.S.

Sweden's growing sensitivity to Western pressure can also be seen in terms of its export balance: only 2.8 per cent of the country's export sales go to Eastern Europe while fully 84 per cent are generated in the industrialised West.

Ericsson's move to drop out of the Bulgarian competition dispels concern about a potential dispute over the new CoCom agreement.

Several European manufacturers who had bid on the deal dropped out after the July compromise, which would have prevented them from concluding any sales except under a theoretical "general exception" which would require approval by the full CoCom membership.

The UK threatened it might apply for such an exception if a company from a CoCom country pressed its bid.

Ariane lift-off to go ahead despite blast

By David Marsh in Paris

THE count-down will be proceeding as planned for the 10th scheduled lift-off today of the Ariane space rocket from its launch base in French Guiana in spite of the bomb attack last on Thursday night on the Paris headquarters of the European Space Agency.

Responsibility for the bombing, which caused extensive damage to the ESA building and slightly injured six residents and passers-by in the normally peaceful 15th Parisian arrondissement, was claimed by the outlawed terrorist movement Action Directe (AD).

AD, which carried out three smaller bombing raids last month on Paris Ministry buildings and the headquarters of the Atlantic Institute international study group, has been sporadically active since 1979.

The French security forces believe the Left-wing urban guerrilla group has recently been joined by Italian extremists.

With the aplomb of an organisation which has regularly withstood crises on rocket launching pads, the 11-nation agency charged with co-ordinating Europe's space activities, brushed off the impact of the attack.

Mr Wilhelm Brado, an official at the agency, said in spite of the damage ESA's telex and telephone were functioning normally.

ESA, which has an annual budget of around \$775m (€560m), has fostered the development of the Ariane rocket. Today's launch, carrying two telecommunications satellites, is however being carried out under the leadership of Airbus, a commercial company set up to market the European rocket.

On Thursday M Bernard Pons, secretary general of the neo-Gaullist RPR opposition party, angrily accused the government of taking all the credit for the rocket's sudden commercial success, and pointed out that the "decisive impulse" for France's space programme had been given by President de Gaulle.

POLES PRAISE HONECKER REGIME AFTER SOVIET CRITICISM

Jaruzelski backs East Germany

BY LESLIE COLTIT IN EAST BERLIN

EAST GERMANY, under heavy Soviet attack for its close relations with West Germany, has been praised by Gen Wojciech Jaruzelski, the Polish leader, for its "fraternal" alliance with Poland and the Soviet Union.

The Polish leader sent a telegram to Herr Erich Honecker, East Germany's leader, who was personally criticised this week in a harsh commentary by Pravda, the Soviet Communist daily.

Gen Jaruzelski said both East Germany and Poland were actively working for international security and against the forces of imperialism, whose current efforts were described

as the "greatest danger to humanity."

The Polish backing was immediately displayed on the first page of Neues Deutschland, the East German party newspaper.

East European analysts in East Berlin said it meant the Polish leader felt the Soviet Union would forgive Herr Honecker if he agreed to cancel his planned visit in September to West Germany.

They noted the Gen Jaruzelski himself was sharply criticised by Moscow in 1981 for negotiating with the Solidarity union, and was only praised after he imposed

martial law and disbanded the union.

East Germany yesterday published the latest Pravda attack on relations between the two German states. This could, however, follow today.

Alternatively, the leadership may have decided not to give further prominence to criticism of the East German leader for his policy of "limiting damages" in relations with Bonn since the deployment of U.S. missiles in West Germany.

Herr Peter Bönisch, West Germany's government spokesman, said Bonn still expects the visit by Herr Honecker to take place. He noted preparations were continuing and that a further meeting with East Germany on the visit took place this past week.

Herr Heinrich Windelen, Minister for Inner German Relations, said the Soviet attacks on ties between East Berlin and Bonn were a warning to all of Eastern Europe on its future ties with the West.

He suggests the visit by Herr Honecker could still take place, as it was difficult to imagine that it had not been co-ordinated between Moscow and East Berlin.

Iran group 'may be behind Red Sea blasts'

BY TONY WALKER IN CAIRO

EXPLOSIONS which have spread from the northern end of the Gulf of Suez to positions off North Yemen in the Red Sea may be the work of a group called the "Islamic Front" in the Middle East, Western observers in Cairo say.

With at least nine merchant ships reported by Lloyd's Shipping Intelligence to have been damaged since July 27 speculation is growing that an extremist Islamic group may be intent on disrupting traffic in the region.

Mena, the Egyptian Middle

East News Agency, recorded yesterday that a Turkish and a Greek ship were damaged by mines on Thursday in North Yemeni waters near where the Red Sea joins the Indian Ocean.

And the East German news agency, ADN, has reported that an East German ship, the Georg Schumann, was damaged late this week when it hit a mine during a voyage from the Ethiopian port of Assab to Port Sudan on the Red Sea.

A Western diplomat said the most obvious conclusion was

that the laying of "mines" in the busy Gulf of Suez and the Red Sea was connected with the conflict in the Persian Gulf and Iraq's attempts to blockade Kharg Island, the Iranian oil terminal.

He doubted that attempts at disrupting shipping in the Gulf of Suez was aimed directly at Egypt, but rather at causing confusion in an important artery.

Earlier this week, a man claiming to speak for the Islamic extremist "Jihad" organisation telephoned Western

news agencies in London saying his group had planted 190 mines in the Gulf of Suez and Bab al Mandab, the strait linking the Red Sea and the Indian Ocean, in the campaign against the West.

Reports about the extent of damage to shipping are confused, but in most cases it appears superficial.

After Egyptian denials that any damage had been caused to shipping by the explosions, a U.S. Navy team of mine warfare experts was called in to investigate.

U.S. jobless total rises to 7.5%

BY STEWART FLEMING IN WASHINGTON

UNEMPLOYMENT in the United States in July rose to 7.5 per cent from 7.1 per cent in June in the first reversal of the rapid fall in the jobless total since November 1982. Government officials and private economists warned however that the rise may prove misleading as an indicator of the strength of the economy.

In testimony before the joint economic committee of the congress Dr Janet Norwood, commissioner at the Bureau of Labour Statistics, maintained that a detailed look at the data, in particular a conflict between the results of the two methods the U.S. uses to collect unemployment figures, suggests that there continue to be some indications of improvement in the

labour market.

Wall Street which has been encouraged by tentative signs that the hectic pace of economic growth this year may be slowing quickly interpreted the figures as new grounds for optimism.

Earlier this week the Commerce Department reported that the leading economic indicators declined last month and last week Mr Paul Volcker, the Federal Reserve chairman indicated that the Fed was not tightening its monetary policy.

He carefully left open the possibility that market forces could push interest rates higher. Dr Norwood maintained that weaknesses in the seasonal adjustment process make the July data difficult to interpret.

The business survey of employment showed that the number of jobs increased strongly by 300,000 in July whereas the household survey showed a drop in employment of 350,000.

Dr Norwood suggested that the rise to 7.5 per cent in unemployment shown in the household survey may be a statistical freak.

Mr Alan Greenspan, president of the New York economic consulting firm of Townsend-Greenspan said that the survey of business payrolls which showed a 300,000 rise in jobs is the key figure. "That is the one which tells you what the economy is doing... the story these figures tell is a continued fairly strong expansion through July."

Surge in exports boosts Brazil trade surplus

By Peter Montagna, Euromarkets Correspondent

BRAZIL had a \$1.2bn (about £920m) trade surplus in July, bringing its surplus for the first seven months of the year to a record \$7.2bn, according to Sr Afonso Celso Pastore, the central bank governor.

Sr Pastore, who announced the July figure at a meeting of leading creditor banks in New York, also disclosed that Brazil nearly managed to eliminate its current account balance of payments deficit during the first six months of the year.

Provisional estimates put the deficit at only \$200m, compared with \$3.5bn in the first half of 1983. Brazil's record trade performance this year is due mainly to a dramatic surge in exports which totalled \$15.2bn in the first seven months, up 24 per cent on the same 1983 period.

The accumulated trade surplus has now already exceeded the \$6.5bn recorded for the whole of last year. Sr Pastore said this would permit some increases in imports which in July were up 17 per cent on their year ago levels.

A statement by Citibank after the meeting said that formal negotiations on a new bank loan for Brazil would begin in October. The meeting was held to review Brazil's progress towards economic recovery this year.

S. African banks raise prime rates

By Jim Jones in Johannesburg

SOUTH AFRICA's commercial banks yesterday responded promptly to the Government's Thursday night by raising their prime lending rates from 22 per cent to 25 per cent.

The move follows the Reserve Bank's decision to increase the discount rate, at which it discounts paper from the country's discount houses, from 18.75 per cent to 21.75 per cent.

The higher bank lending rates accompany changes in legislation affecting hire purchase sales. On Thursday, the Government announced a considerable tightening of the rules governing instalment sales with the aim of curbing consumer spending. Initial deposits have been increased and repayment periods shortened.

Organised commerce has reacted with dismay to the new austerity measures. Mr Chris Ball, the managing director of South Africa's largest banking group Barclays, said yesterday that the new interest rates would be extremely damaging to consumers and industry and would inflict lasting damage to the economy if they persisted for an appreciable period.

Mr Ball criticised the government's action in increasing discount rates, saying that this forced the commercial banks to charge interest rates which were not determined by market forces but which had been imposed by the authorities without reference to the banking sector.

Mr Leon Bartel, president of the influential Afrikaanse Handelsinstituut, (AHI), said the measures would affect industries which already had significant surplus capacity and were operating at the lowest possible profit margins.

Many businessmen say they are antagonised by measures announced by government which place the onus on cutting expenditure on the private sector.

Mr Bill Yeoward, the president of the Associated Chamber of Commerce, blames the country's depressed economy on the Government's failure to control money supply and state spending.

Italian Cabinet meets over decree defeat

By Alan Friedman in Milan

THE GOVERNMENT OF Sig Bettino Craxi has suffered an embarrassing parliamentary defeat on three decree laws on public spending. The defeat in the Chamber of Deputies was all the more glaring for the Italian Prime Minister's five-party coalition as it came just 24 hours after it won a vote of confidence on its political programme.

An aide to Prime Minister Craxi yesterday blamed poor parliamentary organisation and the absence of many deputies who had already left for the long August holiday. Sig Craxi, who was away from Rome on Thursday when the votes were held, rushed back to convene an emergency Cabinet meeting late on Thursday evening.

Sig Craxi planned to hold a further Cabinet session last night and was hoping to present reformulated decrees to the Italian Senate late last night.

By issuing the decrees again in a slightly altered form the Government hopes to be able to gain the time it needs to secure eventual approval of the lower house when it reconvenes in September.

BAe issues legal threat in bid to end sit-ins at Filton

BY DAVID BRINDLE, LABOUR STAFF

BRITISH AEROSPACE yesterday gave notice of legal action to end the sit-ins which have halted production at its Filton, Bristol, works.

A copy of a High Court writ was attached to the gates of the site where manual workers have barricaded themselves in over two separate pay disputes.

The writ was issued against two named shop stewards and every other person in occupation of the BAE complex. It says the company will seek an order for possession of the premises from a judge in chambers in London next Wednesday.

The Union officials said the 2,450 manual workers would meet on Monday to decide how to react to the legal threat.

The sit-ins have prevented almost all the 7,500 white-collar staff and management from entering the Filton site. Some design work has been continuing in temporary accommodation.

tion rented since disruption began last week.

The first occupation by 450 workers in the dynamics, weapons and telecommunications division, started over a disputed productivity payment. The second, by 2,000 workers in the aircraft division, followed this week over a claim for pay parity with other BAE establishments.

The High Court writ names Mr Barry Gleadle and Mr Michael Harrington, stewards for the dynamics division workforce. An accompanying sketch map, however, indicates the writ applies to both sit-ins.

Mr Fred Brooks, convenor of the aircraft division branch of the Amalgamated Union of Engineering Workers, said the workers involved in each sit-in would meet separately on Monday. He did not think any recommendation would be made to them by stewards.

EETPU 'single-union' deal sparks new row

BY BRIAN GEDON, LABOUR STAFF

THE Electrical, Electronic, Telecommunications and Plumbing Union has been plunged into a new row after signing another alleged "sweetheart" single-union deal, this time at a Thorn EMI Ferguson plastics plant at High Wycombe.

It comes amid the EETPU's argument with Left-wing unions over its so-called "no-strike" deals at companies like Hitachi, Toshiba, Sanyo and Innos, which threatens to develop into a slanging match at the Trade Union Congress at Brighton next month.

The Thorn EMI Ferguson deal is not a no-strike agreement in that it makes no provision for compulsory arbitration, but two other unions—AUEW (Engineering) and AUEW-Tass are angry at being "frozen out" of recognition at the new plant.

They have threatened to bring complaints against the EETPU under the TUC's intervention disputes procedures if they do not get their rights back.

Thorn EMI Ferguson decided to close its existing plastics operations at Gosport, Bournemouth, and High Wycombe and establish a new plant at a site at High Wycombe to make components aimed at the consumer electronics and information services industries.

AUEW (Engineering) and Tass had recognition at the for-

mer High Wycombe plant and many workers are being transferred to the new location.

The company insisted it wanted a single-union agreement at the new factory because this was the pattern across British industry on "greenfield" sites. It chose EETPU partly because it has the biggest membership nationally within Thorn EMI Ferguson.

The electricians' union also regards the new plant as a greenfield site, and says it has signed up members among the employees. The company expects to employ 240 workers in the initial stages, about three-quarters of them transferred from the former plants.

Mr Larry Brooke, national organiser of Tass, claimed it was doubtful whether the electricians had any members in the new plant, and that "the company obviously sees it as an opportunity to create non-unionism."

Mr Jack Whyman, AUEW (Engineering) executive council member, said he had walked out of a Thorn EMI Ferguson national joint consultative meeting and called on members to withdraw co-operation and goodwill.

The company said it had seen no evidence of this action. Mr Whyman will meet electricians' leaders on August 10 to discuss the problem.

Guardian talks continue

BY OUR LABOUR STAFF

TALKS were continuing last night in the hope of solving the inter-union dispute which prevented publication of yesterday's London edition of the Guardian newspaper.

An issue was prepared for production in London last night, but there was no indication whether printing would go ahead.

Yesterday's print run was brought to a halt by the dispute at the premises of The Times, which leases its machines to the Guardian. Production of The Times and the Manchester

edition of the Guardian were unaffected.

The dispute arose after a difference of opinion between a Guardian-employed machine manager and an engineer, employed by The Times, over whether a machine used for stacking copies of the newspaper was about to jam.

The engineer, a member of the Amalgamated Union of Engineering Workers, switched off the machine. The machine managers, members of the National Graphical Association, said this was their responsibility and work ceased.

Raymond Hughes on the government challenge to the High Court decision

Appeal court judgement due on GCHQ ruling

THE Court of Appeal will give judgement on the Government's challenge to the High Court ruling last month that the ban on national trade unions' at the Government Communications Centre (GCHQ) was illegal because imposed without prior consultation with the staff and unions.

Winding up the Government's case yesterday Mr Simon Brown told Lord Lane, the Lord Chief Justice, Lord Justice Watkins and Lord Justice May: "The court ought not to strike down this careful and deliberate decision, taken at the very highest levels of government."

Mr Louis Blom-Cooper, QC, for the Council of Civil Service Unions, said dismissal of the Government's appeal would have no adverse consequences for national security.

He said that after the High Court had ruled in the union's favour there had been a natural euphoria but now all was quiet and silence at GCHQ and there was no question of national security being in danger in any way.

In the High Court Mr that though Mr Thatcher as Civil Service Minister had the power to direct that GCHQ staff should no longer be allowed to be members of national trade unions, the imposition of the ban without prior consultation had been a breach of the rules of natural justice—these rules being what

the judge described as "fair play in the field."

He said the Government's decision that there should be no prior consultation had not been taken only because of a fear of precipitations immediate disruption at GCHQ.

The Government had also been governed by pressures created by the unions' reaction to the proposal made it impossible to take and implement what it believed to be a necessary decision.

Mr Brown denied his claim, but fear of an immediate disruption had been the reason for not consulting, had been an afterthought, as Cr Blom-Cooper had suggested.

Mr Brown said it was true that in government statements in January and February the main emphasis had been on the unproductiveness of consultation.

That had been for the wholly understandable reason that no government would wish to stress its concern loudly and publicly.

"It inevitably indicates a certain want of total confidence in the unions which is ideally left unstressed, given the need for government and unions to live and work together."

He said the problem requiring consultation was not merely centred on the requirements of national security but also was created by the overtly threatening attitudes of the very national unions with which alone there could conceivably be any consultation.

Zia sees little hope of early Soviet pull-out

PAKISTAN is taking an increasingly pessimistic view about the prospects of an early end to the Soviet occupation of neighbouring Afghanistan.

This follows massive attacks on Afghan rebels earlier this year by Soviet troops, supported by substantial new Russian-built road and rail links and infrastructure projects which, Pakistan believes, give the occupation an air of permanence.

President Zia-ul-Haq, Pakistan's military ruler, said yesterday the day was "not very near" when 3m Afghan refugees in his country could be expected to go home.

International talks on Afghanistan resume in Geneva this month. But President Zia appeared to have little hope of an early end to the occupation which started at the end of 1979 and involved 110,000 Soviet troops.

TW growing concern about Afghanistan which creates political, social and economic problems for Pakistan at a specially sensitive time, was expressed in an interview with President Zia at his home in Rawalpindi.

He firmly denied that

Pakistan possessed an intention to make a nuclear bomb and blamed Mrs Indira Gandhi, India's Prime Minister, for increasing tensions between India and Pakistan in order to help her cope with her own internal political problems.

President Zia is anxious for political and economic stability as he approaches elections he has promised will take place by next March.

The Afghanistan situation helps him by ensuring economic and defence support from the U.S. But the presence of refugees creates social and economic problems, especially now that Pakistan's 2m to 3m workers in the Middle East are beginning to return home and compete for jobs as their work overseas declines.

There have also been bomb explosions recently in Peshawar, the Pakistan city near the Afghanistan border. President Zia said these were caused by rival Afghan resistance groups.

Relations with India, which were improving, worsened last month. India accused Pakistan of siding Sikh extremists in the Indian Punjab and handing Sikhs on television who hijacked

with Pakistan—or who does she blame for the Punjab?"

President Zia, who seized power in 1977, said the date for elections had now been chosen and would be "probably next year." This rules out polls in the next three months which had been expected by some political activists. He also indicated he would like to be invited to stay as President.

The country's fragmented and demoralised political parties are almost certain to be banned from operating in the elections.

President Zia said that most politicians from earlier governments will also be excluded from standing.

"I am paving the way by which all those who have had more than one chance in responsible positions to lead the country and have bungled it up will not have another chance."

He said the main parliamentary body will be called the Majlis-e-shura. This means an advisory council and is the name given to an existing national consultative body.

President Zia said he would "keep the tide, but the functions will change" so that it had as much power competence, and

an Indian Airlines aircraft President Zia denied involvement and indicated that last month's hijackers and the Sikhs who took over an earlier Indian aircraft in 1981 will be tried soon in Pakistan.

"I think we should overcome this problem much before our elections," he declared.

India last month postponed high-level talks on a peace agreement with Pakistan. President Zia linked this with the Soviet Union's decision at the same time to cancel annual bilateral talks with his government.

"Madam Gandhi is under terrible pressure. I think India is under pressure from pressure internally and she does not want to appear too friendly



President Zia... elections will probably be held next year

Jaguar stags lock horns: Ashley Ashwood recorded the stampede



Ashley Ashwood

NCB plans to help former miners start new careers

BY MAURICE SAMUELSON

THE NATIONAL COAL BOARD decided yesterday to set up a special company to help tackle the problems faced by miners when they leave the industry.

The company, NCB (Enterprise), will have initial finance of up to £5m and will work closely with the Manpower Services Commission and local job-creation enterprises.

Mr Ian MacGregor, the board chairman, said a particular aim of the company would be to help younger men who chose to accept redundancy so that they could begin new careers, either on their own account or in other businesses.

Mr Merrick Spanton, the board member for personnel and chairman-designate of the new company, said he expects it to start work in a few weeks, regardless of whether min-

workers are still on strike.

The NCB has been under pressure for some time to set up a body similar to BSC (Industry), the job-creation unit established at the height of British Steel Corporation's closure in the 1970s.

BSC (Industry), with a budget of about £12m a year, claims that, through contacts with about 1,400 companies, it has received commitments to create 36,000 new jobs in closure areas by 1987. Of these, 20,000 have been filled.

Mr Spanton said NCB (Enterprise) had been set up as a result of the Government's decision in April to extend the Redundant Mineworkers Payments Scheme to miners under the age of 50.

Working through the MSC and other bodies, it would encourage them to train for other work.

Financial Weekly subject of bid says Maxwell

BY SUE CAMERON

MR ROBERT MAXWELL said yesterday that his British Printing and Communication Corporation had received a bid for the ailing Financial Weekly newspaper. He is, however, not saying who the bidder is or how much cash is being offered.

Staff at Financial Weekly have been given the chance to organise a buy-out before any sale is completed but Mr Maxwell said this week told them they had only 10 days to present a deal. The deadline is next Thursday.

Neither the mystery bidder nor the size of the offer have been made known to the staff. Last night Mr Tom Lloyd, editor of the journal, said he had been asked to bid an "invisible" target. He added that Mr Maxwell had said he might be able to extend the deadline if the staff could assemble buy-out proposals.

The journal has been a loss-maker since being started in 1979 by Trafalgar House. In its first three years of operating it lost a total £2.8m.

In April 1982, Fleet Holdings, by then demerged from Trafalgar House, decided to close it.

The staff, however, led by Mr Lloyd, decided to try for a buy-out. They assembled a restructuring proposal involving plans to cut costs by two-thirds. At that point Mr Maxwell's BPCC bought Financial Weekly.

The staff wanted a 25 per cent stake in the journal. They started talks with Mr Maxwell but no agreement was reached. Last night Mr Lloyd said the staff still claimed an option to buy 25 per cent.

Yesterday Mr Maxwell said Financial Weekly would be offered to the staff for a buy-out before disposal, "as promised at the time of the original take-over."

Mr Lloyd said that on several occasions he had asked Mr Maxwell for permission to seek a buyer for the journal but Mr Maxwell had refused each time.

The journal, which has an editorial staff of 11, had a weekly circulation of 25,872 copies last year.

There was speculation yesterday that an owner of another newspaper, the magazine might want to merge the Financial Weekly title.

Making a meal of service every waking hour

BY ARTHUR SANDLES

Even the best hotels have ways of overdoing their hospitality



THE TOP TEN

Mandarin, Hong Kong
Oriental, Bangkok
Peninsula, Bangkok
Taj Mahal, Bombay
Clippers, Venice
Bristol Kempinski, West Berlin
Brenner's Park, Baden Baden
Lancaster, Paris
Dorchester, London
Pierre, New York

From the moment one enters one is part of the family, a resident as distinct from the passing trade that has trouble obtaining a seat in the restaurant or a place at the bar.

The Mandarin in Hong Kong regularly features on lists as the World's Best Hotel. It is not, because there is no such thing. It is, though, one of the best.

Upstairs the Mandarin is superb, rooms and room-service are immaculate and the restaurants are excellent. The food of the lobby, however, is a let-down and the first-floor coffee shop-arcade very much a la Holiday Inn.

The Oriental, the same group's operation in Bangkok, is another cup of jasmine. Its well-groomed opulence makes the visitor feel that perhaps he has entered the Jet-set. Connoisseurs stay in the old wing, called the Author's Wing because of its associations with Maugham and Conrad. Its Normandy restaurant offers the best French cooking in the Far East.

The Peninsular, that traditional great rival, has just opened in Bangkok with a property not only good but grand. A huge, uncluttered lobby greets one. The place is decorated with hand-painted silk wall-coverings. The setting is a lot down, compared with the Oriental, but the Thai restaurant is a revelation.

Moving west and reluctantly passing the hotel high-spots of Singapore superb though they may be, I would make for Bombay's Taj Mahal.

I have always chosen to stay in the old wing, with its galleried interior, but am assured the new tower offers equal comfort. Perhaps more than any other hotel in the world the Taj has style. It is a hotel of breeding.

In Venice the competition is fierce but I would stay in the Cipriani, largely because of its setting.

Long ago my first arrival was late on a misty night. I was whisked from airport to hotel by launch, an intriguingly romantic

journey that started a love affair for life. The hotel is on a separate island, Giudecca, where one is in the city but away from crowds.

The Bristol Kempinski in West Berlin is a classic. Here everything speaks of discreet attentiveness. The restaurants are superb. The tone makes one feel that anything less than newly-pressed Savile Row is being under-

dressed.

The Brenner's Park, Baden Baden, is like that, too, except because so many visitors come to rest, relax and for the cure, clothing tends to be more sporty.

This is the world's most elegant and luxurious hotel. It attends to every detail but does not shout about it.

The Lancaster in Paris is completely different. A tiny hotel owned by the Savoy group of London, it hides itself away just off the Champs Elysees. When one is through its unimpressive front doors it is like being in a country retreat that has just been

dropped into the heart of a major city. Overworked though the word charm may be, this hotel has it.

Even before the latest takeover the Dorchester in Park Lane, London, had returned to being the benchmark against which other London hotels are compared. Under Mr Udo Schlenker, its manager, and Mr Anton Mossman, its chef, the place operates like well-mannered clockwork.

I had difficulty with New York. I enjoy staying at the Algonquin but it is by no stretch of imagination a best hotel. The Regency enters that league but its lobby is barren. The prize has to be presented to the Pierre, which scores more points in more areas than most.

The real prize for "the best of the best" would go to whichever of these great and noble establishments was first in existence to every tidy business-visitor there lurks a secret slob.

After a month on the executive trail most travellers I know scream to escape being forced on underdone goose-breast decorated with kiwi fruit and raspberry which is the standard fare of today's "gourmet dialog."

One catches them sneaking into the nearby grocery shop and travelling the lifts trying to hide bags of Kentucky Fried as they head for an evening of blissful relaxation in front of television situation-comedies.

Forget the mini-bar and the 24-hour quill-in-aspic room-service. Just give me the key to the staff-canteen.

Monday: The ten worst business clichés.

Heavy rains fail to break drought

HEAVY RAINFALL has not significantly affected the drought-stricken areas in the west of the country, the Water Authorities Association said yesterday.

It repeated its plea for consumers to cut demand. The crisis was not over, "we need a lot more of those downpours," it said.

Rationing is still probable in parts of south-east Wales and in Devon and Cornwall. Areas covered by the North-west, Severn Trent and Yorkshire Water Authorities are also badly hit. The latter has extended restrictions in the area covered by a hosepipe ban since June 1.

The authority says the area is suffering from the longest spring rainfall since World War II. Between April and June, rainfall was down to 49 per cent of normal levels.

About 95,000 people are affected by the drought and are banned from watering gardens and washing cars by hosepipe and from other non-essential uses.

Dairymen warn of ports blockade

WELSH dairy farmers have warned the Government that they are prepared to blockade ports unless they get a better deal from European Economic Community milk quotas.

The country's 40,000 dairy farms could be forced out of business within a year because of the EEC cuts, they claim.

Mr Malcolm Stewart of the Dyfed action group, said 60 per cent of family-owned dairy farms in north and west Wales could go out of business.

The Milk Marketing Board admits that up to 3,000 producers are at risk from the cuts.

BA chiefs hit out at CAA 'attack'

LORD KING, chairman of British Airways, yesterday accused Mr John Dent, chairman of the Civil Aviation Authority, of making a "vicious, violent" attack in the row over whether the state airline should transfer some European routes to independent operators.

Lord King said this would delay privatisation and cost BA jobs. The CAA was "not equipped in any way" to decide the size of an airline.

Underwriters refuse to pay out on Minet agency

BY JOHN MOORE, CITY CORRESPONDENT

LOYD'S insurance underwriters are refusing to pay out on a £20m policy covering the business practice of the Richard Beckett Underwriting Agencies of Minet Holdings, the insurance broker.

The policy was to cover the agency company against losses due to errors by staff. Unintentional omissions in the work of the agency or possible internal irregularities.

Minet has alleged that former managers of the agency, previously known as PCW, had misappropriated more than

£38m of funds belonging to 1,825 underwriting members. Underwriters which insured the agency are refusing any claims on the grounds that full information required under the policy's terms had not been disclosed by the former managers, who had arranged the policy.

Minet has funded underwriting members with £38.17m, with the help of Alexander and Alexander Services, whose Howden companies were used by Minet's former executives to divert the underwriting members' funds.

BREL wins diesel unit contract

BY ROBIN FAULEY

BRITISH RAIL, yesterday announced that it has awarded a £22m contract for the first new diesel multiple units to be built for 20 years, to British Rail Engineering (BRE), which beat off competition by the Metro-Cammell subsidiary of the Laird Group.

BREL, a British Rail subsidiary, will build the 50 diesel multiple units, each comprising two passenger carriages, at its York works for delivery from 1985. They are intended for provincial services, initially in the East Midlands. BR's provincial services sector is also planning for a substantial fleet of similar medium-weight trains

from 1986 onwards, to succeed the old vehicles now in use.

BR has insisted that all new orders go out to tender. To have won the contract is a fillip for BREL and a setback for Metro-Cammell, coming so soon after its failure in April to beat Japaneese competition for the £220m (£215m) contract to build the railcars for Singapore's mass-transit system. That defeat led the Laird Group to redouble its efforts to secure substantial UK orders.

Laird's Metro-Cammell transport system division provided £10m of the group's £19.2m pre-tax profit in 1982, and £11m of the £21.1m profit in 1983. But

Metro-Cammell's workload has been falling.

The announcement yesterday brought to more than £100m the total value of construction work in hand at BRV for British Rail. Other orders include 60 Mark 3 rail coaches at Derby, 209 electrical multiple units at York (£48m) 15 Class 58 locomotives at Doncaster (£15m).

BREL and Metro-Cammell are developing four prototype trains fitted with a variety of engines and transmissions so that performance can be evaluated before the final specifications of the main fleet for 1988 and after are chosen.

Insurance directory launched

BY ERIC SHORT

THE British Insurance Brokers' Association has issued its first Life and Pensions Brokers Directory, providing the public with the names and addresses of registered insurance brokers who offer advice on life assurance and pensions.

The Insurance Brokers' Registration Act (1977), which lays down the terms and conditions for insurance brokers' registration, did not distinguish between general insurance and life

and pensions.

Both types of insurance have become so specialised that many brokers find they need to concentrate on either general or life. Although many insurance brokers offer a complete service, the life and pensions business is often handled by a different specialist to the general business. Many people feel that the Act has an important defect in not differentiating between the two types.

To overcome this, BIRA has prepared this special directory for the public. To secure inclusion, brokers must not only be members of BIRA, but they must have at least five years experience in life and pensions business or three years experience together with a recognised examination qualification. The directory will be available for reference at public libraries and Citizens Advice Centres.

APPOINTMENTS
County Bank senior posts

Mr John Richardson has been appointed regional director for County Bank in Leeds. He succeeds Mr Robin Bryant, director, who has had responsibility for the Leeds office for three years and is now returning to London. Mr Christopher T. Pearce joins the board of County Bank as a director in its international division where he will be primarily responsible for capital market activities in the U.S. He was a director of J. Henry Schroder Wagg and Co.

Mr Annabelle Svedberg has been appointed managing director of GOTA (UK), the newly-formed subsidiary of Götabanken of Sweden.

Mr Mielael Morris, a general manager of Barclays Bank and a director of Barclays Bank UK, has been appointed a director of MERCANTILE CREDIT, the finance house subsidiary of Barclays Bank, from September 1. He succeeds Mr Andrew Buxton. Mr John Ennis, a deputy chairman of Commercial Union Assurance and a director of Barclays Bank UK, has been appointed a non-executive director of Mercantile Credit, from September 1.

Mr J. W. Leng has been appointed managing director of BONAR & FLOTEX, the specialist carpet maker within Low & Bonar Group, following the retirement of Mr S. G. Robinson. Mr Leng was managing director of a John Waddington subsidiary in Gateshead.

Mr Richard Wavill and Mr Rusty Ashman have been appointed to the board of BROWN GOLDIE & CO, the financial services subsidiary of Abaco Investments.

NORSK HYDRO FERTILIZERS has established a management board made up of Mr Harry Blackmore, managing director, Mr Geoffrey Richards, director of sales and marketing, Mr Jonathan Fox, director of personnel and corporate affairs, Mr Tony Preston, director of production and purchasing, and Mr Peter Hore, director of planning and finance.

Mr R. G. Schweitzer has been appointed to the board of ALFRED PREEZY & SONS as a non-executive director. Mr Schweitzer was managing director of Martin the Newspaper between 1971 and 1973. During the last five years he has been an independent business adviser to industry on marketing, organisational and strategic planning.

Mr Peter Rowling, former chairman of the BOWRING GROUP and chairman of BOWRING UK, has retired from both boards. He has also retired as vice-chairman of Marsb & McLennan Companies Inc. but will remain a member of the board and a consultant.

Pension switch 'unpopular'

BY ERIC SHORT

FEW EMPLOYEES are likely to switch from employers' pension schemes to personal ones under the Government's pension proposals.

This is the view of leading consulting actuaries Duncan C. Fraser in its latest client newsletter.

Under the Government plans, announced last month by Mr Norman Fowler, the Social Services Secretary, employees will have the right to leave their employer's pension scheme and/or the state earnings-related scheme and make their own personal pension arrangements. Employers would only be re-

quired to pay the contribution rebate given for contracting-out of the state earnings-related scheme into the employee's personal pension plan.

This contribution—averaging 4.1 per cent of earnings—is modest compared with contributions paid by employers into their company schemes—averaging around 12 per cent.

This means that benefits from a personal pension plan are likely to fall far short of those virtually guaranteed under the employer's pension scheme. Duncan C. Fraser therefore concludes that there will be no

great rush by millions of private sector employees into personal pensions, except for a few journalists who have been demanding freedom to do this for the past three years.

Duncan C. Fraser also expects the fm public sector employees to opt for the *status quo*, since their pension schemes, with few exceptions, provide far better benefits than do private sector schemes.

However, Duncan C. Fraser warns employers they will have to work harder to sell their pension schemes to employees by ensuring they fully understand and appreciate the benefits.

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THE WEEK IN THE MARKETS

A time for the optimists

This is not the start of something big. Measured by the FT-30 Share Index equities have risen by 7 per cent in just five days, but before investors don their rose tinted glasses and start chasing shares with enthusiasm it is worth taking stock on what has actually happened to swing the barometer from storm to fair.

In fact very little has changed on the domestic stage to cause such a shift in sentiment. But undoubtedly, London has gone on a buying spree—the Government Broker was virtually cleared out of stock before the announcement of another £1bn tap yesterday. What has happened is that London is moving in a reflex action to the more positive mood on Wall Street. An argument borne out by the fact that much of the business is linked early in the day with news of last night's impressive rise on Wall Street still ringing in dealers' ears.

Now there is nothing wrong with that. Events in the States are dominating financial markets worldwide. The point is whether the message coming out of Wall Street is the right one. Is the good news currently circulating around "the Street" likely to evaporate soon as the basic worries about the American economy and interest rates reassert themselves? And before we know it talk in London will be about the TUC Conference next month and how the union movement could put its weight behind the miners—that will dampen enthusiasm all right. It seems safer to assume that London will trade around the 800 level over the next few weeks.

LONDON
ONLOOKER

On the Horizon

Grand Metropolitan is stalking Horizon Travel, one of the country's leading holiday tour operators. So far its tactics are awarded a "B minus." A week ago Horizon's price was trading at the year's low of 108p. In the market investors are concerned that the operators have cut their profit margins to shreds in an effort to boost their summer load factors. Horizon itself has done its share of spreading doom and gloom by voicing fears that a privatised British Airways could use its substantial muscle to capture an increased share of the packaged holiday market.

Grand Met started buying Horizon shares in the market for little more than a pound but the City soon got wind of something stirring and the price started to climb as rumours went round and round the market. Bruce Tanner, Horizon's chairman, scanned his share register to find Grand Met with a 2 per cent holding and called for a meeting with Stanley Grinstead, Grand Met's chairman. By the time the rest of the world found out about the talks the shares were already at 145p and poised to rise a lot further.

Grand Met's ambition is to merge Horizon with its own, much smaller, Nova Holidays

operation. But Bruce Tanner and his colleagues are not at all keen on the idea by the sounds of it. They are unlikely to recommend an offer at anything like the current price and have made it plain they resent a predator.

If Grand Met went into a contested bid and won there would be a good chance that Horizon's top management might bolt for the door—and that could be a minor disaster. On past form Grand Met's ability to run a tour operator is not overwhelming. On the other hand, Stanley Grinstead is unlikely to be willing to pay the sort of price that the Horizon directors would put their names to for an agreed offer. So it could well be that the would-be bidder will call it a day and leave Horizon to its independence.

Lorrho in favour

In spite of the tedious feud between Lorrho and House of Fraser, "Tina" Rowland's company is again finding favour in the City. The half year figures from Lorrho this week, covering the six months to March, lent support to the stock's revival. Profits are up by 22 per cent to £53m in the period on a rise in turnover of just 4 per cent. The accompanying statement predicted a "highly satisfactory" second half and shareholders look on line for a much fatter dividend payment than last year's 9p a share.

Lorrho is never one to burden shareholders with a wealth of information but the hotel and leisure interests on both sides of the Atlantic are singled out as having made a significant

contribution to the increased profit. That is pretty much as the market expected. The only real difficult area seems to have been the motor business in the UK which was upset by a delayed launch of the new Golf-VW/Audi lost market share during the early months of the year. But sales of the new car have been strong since its introduction and the vehicle distribution side should be able to make up lost ground in the important second half.

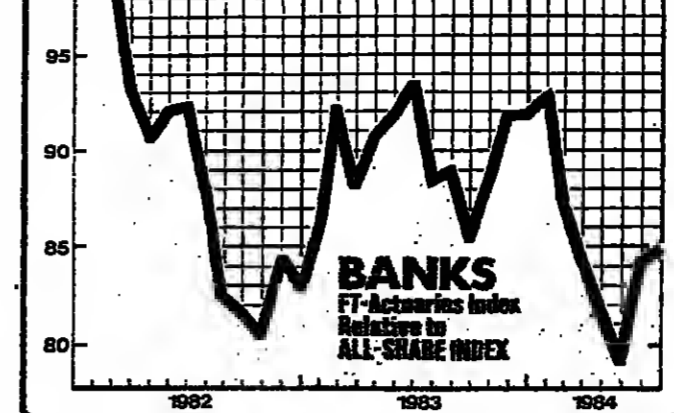
While lower interest rates must have been working in the group's favour during the first half—Lorrho does not trouble to disclose the figures at the half way stage—recent rate increases will undoubtedly take some jam off the second half. Nevertheless the seasonality of the leisure and commodity businesses should more than compensate for the increased cost of funding the group's high level of debt.

So a profits increase from £113.2m to over £140m for the full year looks quite feasible at this stage and already some analysts are topping up next year's profit estimate to around £170m. The share price has already outperformed the market by around a fifth over the past year and is now within striking distance of matching its previous peak of 165p, achieved 15 years ago. With a prospective earnings multiple of around 6, based on £140m pre-tax, there is little reason to suppose that Lorrho's price is about to fall out of favour with the market.

Banking profits

The banks' interim results season has passed without the market having to absorb any more nasty shocks. Midland Bank set the ball rolling last week with pre-tax profits down from £136m to £70m. Despite some nervous rumours ahead of the results the dividend was maintained and surely the figures mark a nadir in Midland's fortunes. With higher interest rates at home and out £80m or so of Crocker losses to shoulder the "listening bank" could make £250m for the full year.

National Westminster's results were more predictable—the group had forecast a £285m profit when it sneaked in its deep discounted rights issue raising £236m a couple of weeks ago. Rights forecasts are made to be broken, if only just, so an actual £288m pre-tax was neither here nor there as far as the market was concerned. Of more significance was the way in which NatWest put the figures together. The underlying performance looks much better than the City had generally expected with the bank apparently achieving real



growth in the domestic market. Midland is entitled to feel envious on more than one account.

Barclay's half-timer was also more or less as anticipated. At the pre-tax line profits were up by £48m to £308m despite an increase in provisions from £205m to £231m. But it was not so much the profit figures that the analysts were looking for as a statement about plans for fund raising. The bank made it clear that an equity issue is not immediately in prospect and neither is any fixed term debt.

Given the state of the market—Barclay's share are already yielding 6 per cent—the reluctance to tap shareholders now is understandable. But Barclay's capital ratios were not as good as NatWest's before the latter's rights issue. So despite soothing words from Barclay's directors it is hard to see how the bank can avoid asking its shareholders to dig into their pockets sooner or later.

Finally Lloyds brought the season to a close yesterday. With pre-tax profits of £210m against £194m, the results were also fairly much as the market expected. Certainly the chairman's remarks reinforced the belief that Lloyds is the least likely of the banks to go chasing after fresh equity. Even after it has bought out the miner it has bought out Scottish its free capital ratio will still be around 4.4 per cent.

Delivering Henlys

Shareholders in Henlys must have been utterly bewildered to see the Bank of Scotland deliver their company into the hands of Ashcroft and Wickens this week before the defence really had a chance to state its case. The unseemly hurry to take the money and run is all the more surprising given the impression—obviously misplaced—in the City that the bank was backing Henlys's new management's attempt to pull the long-troubled BL distributor round into a decent profit. Henlys' performance had been

little short of pathetic for years but the arrival of John Dowling a year ago as chairman looked like marking the turning point. From the outside at least it looked as if he was the man picked by the bank to finally sort out the company's problems. Indeed the backing of the bank seemed reaffirmed earlier this year when Michael Ashcroft's Coleman Mine company built up a stake in the car distributor, Bank of Scotland stepped in and lifted its own investment to 28.62 per cent. When the first 120p a share offer came in from the Ashcroft/Wickens camp it was rebuffed by Dowling, presumably with the bank's blessing.

Obviously that was not going to be the end of the story. With two shareholders—the bank and Midessa (the Ashcroft/Wickens Canadian investment vehicle)—each holding a stake under 30 per cent something had to happen. The failed bidders had already hung a for sale sign over their Henlys stake and all John Dowling could do was to keep his head down and try to return the company to the black as soon as possible. The half time figures, announced late in June, still showed a loss but on a much reduced scale.

So when Midessa wheeled out another well leaked offer of 120p for Henlys there seemed no ground to suppose the bank would not stand alongside the board again in rejecting the bid.

Yet—for no obvious reason as far as other shareholders can see—the bank underwent a significant change of heart. After Henlys's advisors, writing another 7p a share out of Midessa the Bank of Scotland accepted and Henlys's directors had no other choice than accept the marginally better offer.

Outside shareholders may feel misled at the way the bank has acted but it is not the first time the Scots have delivered a motor distributor into the hands of a predator. In 1982 it sold its near 30 per cent stake in Braid to Lookers when the offer was in its eleventh hour and in danger of failing.

The brave bulls

NEW YORK

TERRY DOBSON

SUMMER RALLY or second leg of the bull market? After two months of vainly talking equities up, the Wall Street bulls were cocked for this week the Dow Jones Industrial Average suddenly took off on a vertiginous mid-week climb. Only 10 days ago, they had been staring gloomily at an index which showed every sign of falling precipitously in the opposite direction. But by today, many of the resident soothsayers have convinced themselves that the 1086.57 points reached by the Dow on July 31 was the magical bottom they had been looking for.

Given that there have been several false dawns since the market peaked last January, is there anything different this time round? The bulls, of course, say yes. First, there has been a definite change at the long-term end of the credit markets. Although the 30-year government long bond is yielding a full percentage point more than at the beginning of the year—around 12.70 per cent in the middle of this week against 11.80 in early January—the trend at the moment is down.

Just a week ago, when the Dow hit its low, the same bond was yielding 13.14 per cent, and by then it had come back a long way from the 13.94 per cent high point touched at the end of May. The trend, the argument goes, is important because it shows that investors are taking a more optimistic view of future inflation.

In this context, the statement of Mr Paul Volcker to the Senate Banking Committee a couple of weeks ago is regarded as encouraging. While endorsing the view that the economic expansion is slowing, making encouraging noises about inflation and indicating that there had been no decision to tighten monetary policy, he still suggested that the Fed would not ease up and allow a free-for-all. Short-term rates have consequently remained high—indeed, three month Treasury bills moved up by 10 basis points this week—giving the impression that the anti-inflationary drive remains intact.

Secondly, the economic statistics this week have given more than a hint of a slowdown in the economy—which in turn suggests reduced borrowing demands and pressure on interest rates. Although the strength of car sales still indicates extremely vigorous consumer demand, declines in factory orders, construction contracts and the leading indicators all had economists putting their heads above the parapet yet again to predict a quieter second half.

Merrill Lynch was also suggesting that the consumer boom may soon lose some of its

steam as well, partly because of the increase in consumer borrowing rates and partly due to expectations of slower increases in wages and salary. Some Wall Street houses believe, moreover, that the internal dynamics of the capital markets equally point to an upturn for stocks. Oppenheimers, for example, contends that the reduction in outstanding equity caused by the combination of privatisation, takeovers and declining new issues, has reduced supply while demand has not really altered. Indeed, the takeover boom it says has created additional demand by increasing the liquidity of many investors.

There has been one note of counterpoint to this theme this week in the announcement that both Chrysler and Bethlehem Steel were shifting some of their pension funds out of equities into fixed interest securities to lock in the present high yields.

But against that, the rally was extremely broad and strong, with volume rising to its highest ever point on the New York Stock Exchange on Thursday, at 172.4m shares, suggesting that at long last the small investor has found his appetite for stocks. Blue chips did not do badly, but they were outperformed by the second division companies, as shown by the buoyant activity on the American Stock Exchange, where many of the smaller groups are quoted. And the technology stocks—big favourites of the speculative, entrepreneurial small investors—were also back in the thick of the action.

In a period of such excitement in the trading rooms, it was almost an anti-climax when Mr Rupert Murdoch's battle for St Regis reached a dénouement. Once again, as in his assault on Warner Communications, the combative Australian publisher appears to have lost and won at the same time. St Regis has all but escaped from his clutches by choosing to merge with Champion, a friendly company in the same business of turning trees into paper. Mr Murdoch would be hard put to raise a counter bid to that, but in the meantime he is left with the agonising decision of either selling out at a gross profit of around \$30m or keeping a hefty stake in the larger group. It must be a trying every time, he thinks about it.

MONDAY 1,109.98 -454
TUESDAY 1,115.28 5.30
WEDNESDAY 1,134.61 19.30
THURSDAY 1,164.08 31.47

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1984	1984	
	7/29	on week	High	Low	
FT. Govt. Sec. Index	77.96	+1.82	83.77	75.72	Dearer money fears subside
FT. Ind. Ord. Index	831.4	+55.0	922.8	755.3	Encouraging U.S. pointers
Bleedham	350	+60	350	285	American buying
Boustead	96	+18	104	76	Far Eastern support
Charter Cons.	248	+18	262	190	Revised bid/asset sales talk
Debenhams	176	+22	196	141	Bid talk/yield considerations
Dorlin Packaging	145	+47	150	78	A. J. Gooding granted option
Horizon Travel	171	+53	185	108	Bid approach from Grand Met
Immed. Business Systems	40	+18	120	22	Bid approach
ICI	586cd	+50	650	524	Revised investment demand
Infantis Leisure	113	+28	193	82	Late boom in holiday bookings
Kamunting	415	+85	415	195	Renowned "shell" operation
Lon. Prudential Inv. Tst.	222	+28	222	190	Bid approaches
Lytle Shipping	76	-6	112	26	Preference dividend passed
Paringa Mining & Expl.	24	+20	76	38	Encouraging drilling report
Renold	46	+9	46	24	Chairman encouraging statement
Shell Transport	590	+40	704	538	Oil price rally/flags on Thurs.
Sovereign Oil & Gas	250	+28	319	212	Home Oil buys 22.9 per cent stake
Tate & Lyle	353	+37	437	308	Persistent bid speculation
Trident TV 'A'	160	+18	161	120	Pleasurama or Lorrho bid rumours

Picking out the summer fliers

Unlisted Securities Market

WILLIAM DAWKINS asks the USM pundits what the next few months hold in store

FEARS THAT the uncertainties afflicting the full market would send USM prices into an alarming tailspin have for the time being been dispelled.

The junior stock market has entered the City's holiday season on a quiet note, with the Datastream leaders' index hovering at around 84 during the past week, as against its early May peak of 118.5.

Meanwhile, the flood of new issues—56 in the six months to June—which has kept institu-

tional investors working overtime until recently has dwindled to a trickle. Last week, dealings opened in only one company, Blue Arrow, a staff recruitment and travel group, which got off to an 8p premium over its 77p placing price on Monday, later sinking back towards 83p.

And the new issues menu looks similarly sparse for the weeks ahead. This lull in its fortunes invites the question of where the USM goes from here. Should investors batten down the hatches in preparation for another bear phase and build up their holdings in established companies operating in well-developed industries?

Or perhaps they should shop around for high technology stocks which might have been disproportionately downgraded during the share price declines of the past two months and could now represent a bargain.

Here some of the experts give their opinions on the most prudent investment strategy to pursue on the USM in the coming months.



Left to right: Brian Kirkland, Simon Metcalf, David Cohen, Shaun Whyte, Alistair Alcock, Mark Potashnick

ALISTAIR ALCOCK, corporate finance partner in brokers Phillips and Drew, which have been involved in 19 USM flotations:

It is not as if the market has slumped—remember, the indices are still higher than they were this time last year. The only possible downside is that because companies tend to be a lot smaller on the USM, those on very high ratings might get indiscriminately marked down should there be a move towards blue chip investment.

However, institutions are not suddenly going to dump long lines of small stocks. If life does get more uncertain, they will just tend to weight their new investments differently. The answer is to continue as before and look at new companies on their merits.

Don't just invest £1,000 in every new issue that comes along—there was tendency in the USM's first year for people to do that—it is more a question of asking your broker, which ones have real potential.

It is probable that we are not going to see new issues achieve as high p/e ratios as they did six months ago, so theoretically there should be some relative bargains. It is a time for keeping a steady nerve and using your discretion.

BRIAN KIRKLAND, assistant director — UK equities — for Prudential Portfolio Managers, probably the market's highest

investor, with £29m in the USM: If we are in for a sustained bear market, the sellers of USM stocks are going to be the marginal investors. We generally take a longer term view, although in some stocks we have gone in at the time of the issue with the intention of making a profit fairly quickly.

I expect that issue prices will continue to get more reasonable. There is already less over-subscription and the brokers concerned will have to price issues even more cautiously. That for us is a good development.

When prices were higher, we had to stay out of some issues in which we would otherwise have been interested. Companies which seem to be on reasonable ratings with profits going ahead rapidly include Air Call and CPU Computers in high technology, Central Independent Television, Fitch and Company Design Consultants and Derek Bryant insurance brokers.

SHAUN WHYTE, investment adviser to Britania Arrow's USM unit trust, which has £6.5m invested in the USM: If the full market falls dramatically, the USM index should underperform slightly, disguising a sharp reaction by some of the more over-rated stocks. Thank goodness there have been fewer new issues recently. The market had been getting saturated and a lot of issues were either too small or

of insufficient quality. There is no point in a big institutional investor becoming involved in a £500,000 company. It has always been a risky market for private investors. Because most stocks receive very little coverage after flotation, it is difficult to get the feel of the USM.

If you like the full market, you can go in and buy GIC or ICI—it doesn't really matter which—but you can't take that approach on the USM. You have to be wealthy enough to buy a basket of stocks.

For a speculation, however, I would choose Acorn Computer Group. Its price has halved in the past two or three weeks, and it might bounce back when its results come out in September. But don't put your rent money on it.

SIMON METCALF, a corporate finance director of County Bank, which has sponsored 14 USM new issues:

I see no reason to be more gloomy about the USM in general than the main market. If there is any selling, however, one or two of the smaller stocks will fall more deeply because the market is less well equipped to deal with them. But in many ways, a lot of the smaller businesses are more resilient than the market gives them credit for.

They might well be seizing extra market share at the expense of their larger brethren. For investments, one should look for soundly based, well managed, traditional businesses. Berkeley Group and Hunter Saphir are attractive companies. The old-fashioned businesses will just be around that much longer. I don't see the rewards will be as great as for some of the more speculative stocks, but the security will be better.

MARK POTASHNICK, a director of Bisgood, Bishop, the only jobbers to make a market in all USM stocks:

If we enter a further bear phase, USM prices would possibly go down more quickly than the rest of the market because investors would tend to look for

more defensive stocks. But as long as there is not a huge decline, sponsors should still be able to find candidates that are of sufficient quality to get on to the market at a reasonable rating.

We might see high tech companies arriving on p/e ratios of 20 instead of 30. Institutions are still sifting through an enormous number of candidates. It would be in everyone's interest if the more marginal ones stayed on the shelf for the time being.

There is no reason why one should look at the USM any differently from other markets in these rather difficult times. That means looking for stocks with defensive qualities, which probably would not mean high technology or oil companies in the development stage.

I would go for more mature companies, like Robert Horn, which is well established in the paper world and Spring Ram, in DIY.

DAVID COHEN, corporate finance partner in brokers Simon & Coates, which have sponsored 16 USM new issues: The USM will become even more selective, identifying quality and giving doubtful candidates a miss. A lot of the less interesting companies will remain in obscurity with few share prices will respond particularly fiercely if even small sellers emerge.

The new issues market is going into a well deserved summer recess. We have a large number of new issues planned for the autumn, and only the most hostile market conditions will make us delay. USM equities have always involved somewhat greater risks than fully listed securities.

It merely underlines the fact that people should develop a spread of interests rather than select one particular stock for substantial investment. I would retain a fair degree of liquidity, but be prepared to buy quality growth stocks on bad days when the withdrawal of institutional support in the short term can lead to alarming short-term drops in share prices.

They who seek

EXCITEMENT, frustration, perseverance in the face of despair and, sometimes, eventual triumph. All these are part of the fascinating business of exploring for the riches of hidden mineral deposits. It's not a game for the fainthearted.

So it has been pleasing to report on a notable success by the Aberfoyle group and its junior partner Faringa Mining near their well established Que River mine in Tasmania. The latter holds a large tonnage of ore containing good grades of silver, lead, zinc, gold and copper.

This week the partners have announced that at their similar Hellyer prospect, some 3 kilometres away, latest drilling has doubled the previously estimated content to some 10m tonnes and it looks as though it will prove to be even larger in due course.

By world standards this is not a huge discovery, but its ore grades are good and it thus ranks with some of the best finds made Down-Under in recent years. These days, especially, a good grade small one is better than a low grade monster.

Why? Because a good small one needs far less money to develop and reaches the income-producing stage much more quickly than the monsters.

The latter may well earn more in the long run, but they face anything up to 10 years on borrowed money before they start production and after the stocks of the recent recession the mining industry is now much more cautious in its estimates of long-term metal demand and prices.

And who can resist the chance of opening up a nice little gold mine? Gold prices may be considered low, especially in U.S. dollar terms, but they are still sufficient for nearly all the world's producers of the metal to make a good profit, which is more than can be said for many other mine products.

This week Australia's Brunswick Gold Mines announced what it describes as "significant" gold intersections in latest drilling at the Galtie More prospect in Western Australia, but has not yet proved the presence of enough ore to announce a mining go-ahead.

The small Queen Margaret Gold Mines and Spargos Exploration think they have gone

a stage further than this with the comment that their intersection of further high grade gold mineralisation at the Bellvue prospect in Western Australia "contains an underground orebody of major significance."

Well, maybe it does. However investors, as opposed to speculators, know that prospecting enthusiasm must be tempered with caution and anything can happen before the final feasibility studies justify a decision to go ahead with mine construction.

In this respect, Seitrust Holdings, British Petroleum's 75 per cent-owned Australian subsidiary has been playing it cool with regard to its Temora gold prospect, near Wagga Wagga in New South Wales.

The latest quarterly report says only that further drilling has given results in line with those previously announced. These indicated a good grade open-cut mining proposition, but there was no indication of its likely size.

That eagerly awaited information should not be long delayed because Seitrust has said that it aims to estimate the tonnage and grade of the find during the current quarter.

Intriguingly, Seitrust has also reported the discovery of nickel mineralisation at shallow depth near its existing Agnew mine in Western Australia. Drilling is in progress to determine its extent and economic potential.

In South Africa the long established Free State Development and Investment (better known as "Freddies") continues to play a waiting game. While living on the income derived from a portfolio composed largely of gold shares, the company holds interesting mineral rights in the Orange Free State and Klerksdorp gold mining areas.

The hope is that other companies with neighbouring mines will want to mine some of these areas as an extension of their existing operations with obvious benefits to "Freddies". In the annual report his week Mr Basil Jackson, the chairman pointed out that the turning to account of mineral rights is often a slow business.

Still he added that the company "hopes to derive the appropriate reward for shareholders in due course". Clearly, long term investors in gold shares take a similar view, otherwise the shares would not be priced high enough to show a dividend yield of just under 5 per cent.

Today's Rates 12½%-12¾%

3i Term Deposits										
Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid half-yearly. Rates for deposits received not later than 10.8.84 are fixed for the terms shown										
Term (years)	3	4	5	6	7	8	9	10	3i	
Interest %	12½	12½	12½	12½	12½	12½	12½	12½	12½	

Deposits and further information from the Treasury Director in Treasury Department, 10 Whitehall, London SW1A 2HQ. (01-928 7622 ext. 2667). Charges payable in Sterling England, 6% interest in Treasury Department.

UK CONVERTIBLE STOCK 4/8/84

Name and description	Size (£m)	Current price	Terms*	Conversion dates†	Flat yield	Red yield	Premium‡	Current	Range§	Equi	Conv¶	Div¶	Current
British Land 12pc Cv 2002	9.60	399.50	333.3	80-87	3.0	-3.3	-7 to -1	27.9	30.5	0.6	+	4.0	
Hanson Trust 9pc Cv 01-06	SL54	320.50	180.7	85-01	3.1	-5.5	-9 to 2	165.7	73.7	-27.1	-	21.6	
Slough Estates 10pc Cv 87-90	5.03	278.50	234.4	78-85	3.6	-6.4	-11 to -1	13.8	4.8	-3.0	+	3.4	
Slough Estates Spc Cv 91-94	24.72	119.50	97.5	80-88	6.7	4.7	-3.5	-5 to 2	22.4	22.7	0.3	+	3.8

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is surmised from present time income on ordinary shares the greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income of £100 of convertible, income is surmised until conversion and present valued at 12 per cent per annum. ¶ This is income of the underlying equity expressed as per cent of the value of the underlying equity. ¶ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, - is an indication of relative dearth. ¶ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

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YOUR SAVINGS AND INVESTMENTS

Offshore Funds

Should you roll up?

JOHN EDWARDS reports on the options for commodity fund investors

OFFSHORE COMMODITY funds have taken a battering in the past two years and many have lost money for their clients. Although in recent weeks, profits have begun to appear again, the funds face more serious problems caused by their unexpected inclusion in the Finance Bill measures against offshore "roll up" funds.

The funds face a dilemma. The tax treatment of most "roll up" funds means that UK resident investors have to pay income tax at their top marginal rate on any profits made.

But the Bill included a special concession for offshore commodity funds. According to Roger Butler, a partner in London accountants Arthur Young McClelland Moores and Co., who is leading the campaign for fairer tax treatment for commodity investors, this is the first time that the Inland Revenue has officially recognised commodity investment as a separate entity.

This is considered by Butler to be an important step forward in his campaign. However, many of the funds may not want to take advantage of it.

The concession is that only 42.5 per cent of the returns from dealings in commodities, including futures and traded options, will have to be paid out by the fund and be taxed as income for it to qualify for distributor status. This is half the rate (85 per cent) that has to be paid out from income derived from interest and dividends for dealings in "financial futures" to achieve distributor status.

Under the new legislation, if an offshore fund achieves distributor status, the remainder of the profits



retained after distribution will be subject only to capital gains tax. The alternative for offshore funds is to continue "rolling up" the profits within the fund. Then the profits are liable to be taxed as income at a higher rate, but only when the money is withdrawn.

There is a considerable advantage to be gained from achieving distributor status for UK investors in the fund, even though, as was pointed out last week, the ability to defer tax by withdrawing profits at a time most favourable to the investor can be a useful advantage.

However, because of the restrictions on promoting offshore commodity funds in Britain, overseas residents form the majority of the clientele of most funds and they may prefer the profits to be accumulated, rather than distributed.

Some funds have already decided whether or not to go for distributor status. N. M. Rothschild, for example, which has two of the biggest funds, has already decided to seek distributor status for their Old Court Commodity Trust, a sterling-based fund with capital of £38m and a high proportion of UK investors.

But its Old Court Dollar Commodity Trust, with mainly international investors, is taking the "roll up" alternative and UK investors are being advised to switch into the sterling fund.

Rothschild is an exception among offshore commodity funds. It follows a conservative line, spreading its investments between physical commodities (normally metals), and commodity company shares, and while trading in only a limited way in the futures markets.

It is not allowed to sell "short" in anticipation of lower prices and is, therefore, unable to take advantage of the present bear market.

Nevertheless, it has performed well since being launched in 1976, with a capital return equivalent to 240 per cent, even excluding the considerable distribution payments to investors.

Other offshore commodity

funds make few, or no, distribution payments at present and, therefore, have different factors to take into account.

David Elwick, of Bouse Woodstock (part of the Mercantile House group) which has just launched its Systemtrend Fund, maintains there is an advantage in opting for distributor status for investors for a period of up to six years.

Since commodity funds are not normally viewed as long-term investments, Systemtrend has plumped for distributor status. So will some of the smaller funds, like Broad Court Investment, which appeal primarily to UK investors.

Other funds, however, seem likely to favour the "roll up" alternative. J. Stuart Lewis, of Drexel Burnham and Lambert, which was the big Winchester Diversified Fund, sees problems in separating profits from commodity and financial futures trading, since the whole idea of dealing in a wide range of different markets is to spread the risk.

Many other funds, with little direct participation by UK investors, agree that it is not worth "bothering to apply for distributor status. Tim Earwike, of Cal Investments, suggests that in the long run investors are mainly interested in the amount of profits made not the tax liability. This is where things could be looking up. Commodity prices in general are falling, along the sort of trend lines which allow technical trading systems to make money. Peter Swete, whose Sabre Management fund is now recording large profits after a lean period, says that the downturn in the Dow Jones Commodity Index recently was a turning point. A clear trend was established, instead of the choppy up and down price moves. "The real professionals are coming back into their own," he claims.

The Mint fund, sponsored by London brokers Anderson Man, which uses a rigid mechanical trading system, claims to be the top performing fund at present when compared with leading U.S. dollar funds.

The loan ranger's guide

Consumer Credit

DAVID LASCELLES starts a series with some advice to people needing cash just as the holiday bills roll in

IT WAS NOT JUST the cost of mortgages that went up this month. The banks also increased their rates on personal and home improvement loans by as much as 2 per cent, piling on the agony for anyone needing cash to redecorate the kitchen, get a boat, or most likely buy an A registration car just as the holiday bills pour in.

An unsecured personal loan of up to five years now carries an effective rate of over 30 per cent a year, which should make anyone needing money think twice before locking themselves into a deal. But what are the alternatives if they have no choice?

For homeowners, the best course is still, where possible, to increase the size of the mort-

gage—the cheapest form of finance by far even after this week's rises, particularly with the tax advantages. But most building societies and banks are reluctant to increase your mortgage or give you a second one unless you intend to carry out home improvements.

A friendly manager might agree, however, to let you stop paying interest on the mortgage for a while. You could then capitalise the arrears to increase the amount outstanding and you will obtain full tax relief on the larger mortgage up to £30,000.

The next best thing is a bank overdraft, which will cost anything between 14-18 per cent after the latest rise in base rates. But this has to be specially negotiated with the bank manager, who will probably nowadays charge a commitment fee of 1 per cent of the facility. Theoretically, at least, overdrafts can be ended at any time.

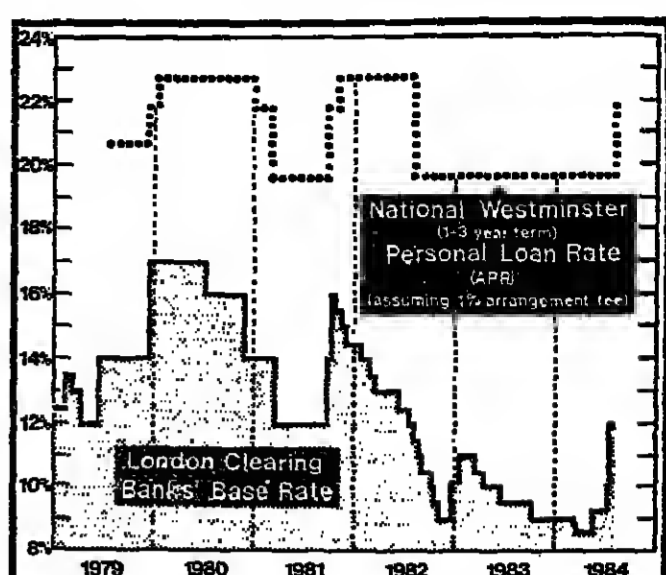
Despite their high cost, though, personal loans remain popular because many people will still probably go for them, even now. Antony Hunter, assistant general manager of marketing at Barclays, says borrowers are seldom deterred by the level of interest rates. "It's not a price sensitive market," he says.

people's minds, he says, is the amount they actually have to pay back to the bank each month. And this has not gone up much. He says the monthly repayment on a £1,000 two-year loan has risen less than 80p a month, from £49.65 to £50.43. "Most people will still think of that as being about £50 a month."

David Trenbath of NatWest also stresses the convenience of a personal loan: it can be done without an awesome interview with the manager (a form is all that's needed), the monthly payment stays the same, and it is done through the comparatively painless route of a standing order.

"It's still relatively cheap for an unsecured facility," he says. That may sound questionable to many people. But anyone buying a car on hire purchase, for example, would have to pay about 30 per cent, and outstanding balances on credit cards cost over 23 per cent now and more when the latest rise filters through (though clever management of a credit card account can reduce charges to virtually nil).

Even so, a 30 per cent loan looks costly when the banks are paying only 11 or 12 per cent on their savings accounts. Bankers object to these com-



parisons because some of their funding costs are higher, and some of their loans are cheaper. Trenbath says: "A bank has to insulate itself against changes in interest rates. And we do not automatically change personal loan rates every time there is a change in market rates."

However, bankers concede that the personal loan business is one of the more profitable segments of the consumer market, and offsets many of the loss-making services banks provide. In the long run, there is upward pressure on personal loan rates because banks are

being forced to raise their savings rates to fend off competition from the building societies. The key point for anyone thinking about a personal loan to bear in mind is that it will carry a fixed rate of interest regardless of what happens to interest rates in general. So it is worth having a view on where interest rates are heading. If it is upwards, a personal loan is the best protection, but if it is downwards, it could cause heartache. And if you want to know where interest rates are heading, the answer is maybe up... but maybe down as well.

NATIONAL SAVINGS

No. 28, lucky for some

DINA THOMSON on the advantages of the latest certificate

RIISING interest rates over the last three months left National Savings certificates offering very attractive returns compared to building societies or Government securities.

But, after a few half-hearted adjustments, the Department for National Savings has finally got to grips with the competition with its 28th issue of certificates out next Wednesday.

Certificates of the 28th issue offer a guaranteed return, equivalent to a compound annual interest of 9 per cent if held for their full five-year term. The maximum holding is £5,000 per purchaser (£10,000 per couple) or 200 units at £25 each.

The 28th issue replaces the

27th, which will be suspended from sale next Tuesday, after an undisputed existence in which it offered a compound annual interest rate of only 7.25 per cent over its full five-year term.

For those willing to leave their money tied up for five years, the 28th issue offers an excellent, tax-free return.

Not having easy access to your money is one of the major constraints to investing in building society term shares. In the wake of higher interest rates, the best offers are slightly more attractive for basic rate taxpayers. The Guardian building society, for example, is offering 9.75 per cent of basic rate tax with a minimum balance of £1,000 and six months' notice required for withdrawal (see last Saturday's FT).

If you believe interest rates

are going to fall you should buy the 28th issue. But if you believe interest rates are going to continue to rise, or not change, you should put your money into building societies instead.

However, the higher rate of tax you pay, the more the 28th issue appeals. Once you have invested your £5,000 individually or £10,000 between a couple, it is time to look around the gilt-edged market once again.

Gilt prices can be volatile and the investment requires close scrutiny. In some cases the uncertainty and the margins of gain involved may not make it worthwhile to prefer gilts over National Savings.

Index-linked Treasury 2 per cent 1988, for example, unlike the 28th issue, does not offer a guaranteed rate of return as inflation remains a question-mark.



But assuming inflation averages 5 per cent, a basic rate taxpayer would achieve returns of 10.15 per cent if the gilt is held to redemption, on Thursday morning's market price.

For a 50 per cent rate taxpayer, Treasury 2 per cent 1988 would yield a still impressive 9.5 per cent net if held to redemption. This security may be bought at the Post Office.

The 28th issue still looks more attractive for the higher

rate taxpayer than low coupon conventional stock such as Exchequer 2½ per cent 1987, which offers a net redemption yield of 5.2 per cent at 60 per cent tax, 5.5 per cent at 50 per cent tax, and 5.64 per cent at 40 per cent tax.

For the 40 per cent rate taxpayer, a medium coupon conventional stock such as Funding 6½ per cent 1983-87 offers a net redemption yield of 9.2 per cent, beating the 28th issue by a whisker.

PENSIONS

How to help yourself

ERIC SHORT looks at the prospects for the self-employed

EMPLOYEES WILL soon be able to opt out of their employer's pension scheme and/or the State earnings-related scheme and make their own private pension arrangements. These proposals of the Government will apply to those in both the public and private sectors.

However, it is not generally realised that the pensions system already offers considerable scope for individuals—the employed as well as the self-employed—to make private pension arrangements as the most tax-efficient form of savings available.

Over the next few weeks, we shall be looking at the various types of private pension contracts, who can invest in those contracts, the circumstances under which they are available and how they will fit into the Government's proposals.

The most common of these contracts is the personal pension plan from a life company, which is aimed primarily at the self-employed to enable them to provide a pension in retirement.

It is essential for the self-employed to consider making their own pension provision since they are entitled to receive only the basic flat-rate pension from the State scheme.

The Government gives generous tax concessions to the self-employed providing they save for their pension through a personal pension plan. Yet surveys indicate that one in three self-employed people have no pension arrangements, while a further one in three have provided inadequately.

The contributions paid into a personal pension plan are invested and the accumulated sum at the time of retirement used partly to pay the investor a lump sum and partly to provide a pension.

The first tax concession is that the contributions paid attract tax relief at the top rate paid by the investor up to the limits shown in the table.

Thus, for a basic rate taxpayer the net cost is 70 per cent, while for a top rate taxpayer it is only 40 per cent. The Revenue's definition of eligible earnings is complex.

The second major tax concession is that investment is made into tax-exempt funds. Under present investment conditions the investment yield, on an exempt fund is an average about four percentage points higher than the yield on its taxable counterpart.

The choice of investments available to the self-employed range from the building society funds to funds investing overseas or in highly specialised sectors of the market.

The self-employed person has flexibility as to when he or she

takes the pension. It can be any time between the investor's 60th and 75th birthdays. The pension is taxed as earned income. However, the self-employed at the time of taking the pension can take part of the taxable pension in the form of a lump sum which will be free of tax—the maximum lump sum being three times the annual amount of the remaining pension.

Although the intention of the tax concessions is to provide a pension for the self-employed, a personal pension plan provides several opportunities for tax planning—opportunities that so far have not been affected by recent court decisions.

For instance, a personal pension plan enables the self-employed to accumulate a capital sum on a tax-efficient basis that can be passed on to relatives free of Capital Transfer Tax on the death of the investor.

Since the investor can take the pension at any time, he then just lets the cash accumulation roll-up tax free even though he has stopped work.

However, this may be tax-efficient only if the self-employed person dies before the age of 75. If he survives to that age, he must take the pension.

However, personal pension plans are not just for the self-employed. Any employee in non-pensionable employment, including someone who relies on the state earnings-related

Year of Birth	Contribution limit for tax relief % of earnings
1934 or later	17½
1916-1933	20
1915-1916	21
1912-1913	24
1910-1911	24½
1909	29

scheme, can take out a personal pension plan.

About 8m employees contracted in to the State scheme are eligible to take out a personal pension plan to supplement the state scheme, but to date very few have done so.

This could change under the proposed system, since companies are likely to change their schemes from compulsory to voluntary membership. Employees opting out of the employer's scheme would have two choices.

Either they take the proposed new personal portable pension, contracting out of the State earnings-related scheme. Or they contract into the State scheme and use a personal pension plan to supplement that provision.

Comprehensive details of self-employed pensions—covering the tax concessions, loan-backs, tax planning and a review of the various types offered by life companies can be obtained from the Handbook of Self-Employed Pensions published by Financial Times Business Information.

The revised edition will be available next month from The Marketing Department, Financial Times Business Information, 102, Clerkenwell Road, London, EC1M 5SA, price £18. Next week: Executive pensions



The other consumer protection requirements of integrity and financial soundness apply automatically with registration. The directory is divided into the BIBA geographical regions and the brokers listed alphabetically by name of the firm. It is available for reference at public libraries, citizens advice centres or through the Association itself at BIBA House, 14, Bevis Marks, London EC3A 7NT (telephone: 01-623 9043).

Eric Short

The defaulter who will not pay

I am a member of the Management Committee of a block of flats.

We have one owner who is in arrears for 1983 and 1984 maintenance payments, which are payable in advance at the end of December each year. The terms of the Management Company state that non-payment means that the defaulter is not allowed to vote at meetings of the management association, of which each owner is a member, with one share per flat. Can this be interpreted to mean that a defaulter is also not permitted to (a) attend any such meeting and (b) to receive the minutes of such meetings?

Also, the terms of the Lease, as we read it, say that "non-payment of any of the dues, monies, etc. in respect of the property shall constitute a breach of the lease and shall render the lease null and void". We are reluctant to take such a step but in the circumstances wonder if we can threaten to repossess? The Lease also seems to us to say there is no excuse for non-payment—even if the owner feels he has grounds for any complaint, re services, maintenance etc, he should always pay his

charges and then argue, if necessary.

We are all amateurs, trying to do the best job we can on the committee, for the good of all the owners—could you please give us an opinion on the general outline of the situation as described above? We cannot, after all, simply omit the defaulter's flat from the general scheme of painting and maintenance work for the block—equally, he is using all the common parts, garage, and etc, just as everyone else is—but the fact remains that he has not, and apparently will not, pay his way. Before we go to law, which seems inevitable, could you advise us of our general position, based, perhaps on similar situations elsewhere?

You cannot exclude the defaulting member from meetings, only from voting. I would not be right to withhold copies of the minutes of meetings. You can seek to forfeit the lease by exercising the power of re-entry. However you must ensure that you have complied with the provisions of Section 136 of the and the 19th Schedule to the Housing Act 1980; otherwise you may be unable to show that there is an ascertained sum due from the defaulting tenant.

A question of interest

My son died during March 1983. The solicitor who dealt with his estate has notified the tax office of the following interest payments:

October 7 1982, from bank. Interest to close of account, £1,800.20.
March 24 1983, from solicitor. Interest on funds in hand, £1,200.00.

The tax inspector has treated all these sums as untaxed interest. But I feel that the solicitor's £1,200.00 interest on funds in hand, is really from a building society for whom he is an agent and should not therefore be charged at 30 per cent because the building society interest has already been taxed because of the special arrangements between the revenue and building societies. "The solicitor has not replied to my letter. Can he be compelled to specify how this £1,200.00 was in fact earned?" The tax treatment of bank interest and building society interest is quite different. What would you advise me to do?

The tax inspector can check the facts, because he (or one of his colleagues) can examine the solicitor's accounts. If you give notice of appeal against the income tax assessment, and tell

the inspector what you think the facts to be, the solicitor's refusal to answer your letter should not really make any difference in the end.

Capital Transfer Tax

I understand that I can give £6,000 cash to my two children without tax, representing the years 1983-84 and 1984-85. It has been suggested to me that if I borrow this sum back from my children as interest free loans, upon signing proper loan agreements, that such debt will be allowed as a debt against my estate upon death. I can scarcely believe this to be so, but would welcome your opinion. It is thought that the course which you mention may be permissible, although it has yet to be tested by ruling in the courts. Even though the Inland Revenue may currently accept that this is permissible, it is by no means clear that the courts would. We should point out that you can give £6,000 in total (£3,000 for each year) if you have not made a gift in 1983-84, not £6,000 to each recipient.

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

The foreign connection

My wife is seeking to retain her Bahamas domicile of origin and I enclose a photocopy of letter of advice received from my bank on the subject. Would an affidavit sworn by her before a Commissioner for Oaths in Nassau stating her intention to preserve her Bahamas citizenship rights and domicile effectively revive her foreign domicile for taxation purposes? Is there any other method by which she can revive her domicile of origin?

A sworn declaration of domicile carries little weight: the Courts and the Inland Revenue look at the facts.

It is a pity that you did not say in which of the three countries of the UK you are domiciled. We shall assume that you have a domicile of origin in England and Wales, but the situation could be quite different if your domicile or origin is in one of the other two countries.

As your banks say, your wife has had a statutory domicile of choice in England and Wales since the beginning of 1974; and nothing which she has done during the past 10½ years appears to have constituted abandonment of that statutory domicile. If Scotland appeals to you as a home, a move to that country might well have the effect of reviving your wife's Bahamian domicile of origin, for example.

It is difficult to advise you, on the basis of so little precise data, so we suggest that you consult a local solicitor or accountant with experience of international matters.

A charge on gifts

In previous wills my husband and myself left our estates in trust for each other and then to our children. I understand this is no longer advantageous as it still attracts CTT. Is this correct? Would it be sensible or possible to take out insurance payable on the death of the second partner to, roughly, the amount of the expected CTT.

Our estates are approximately £150,000 each and we are aged 63 and 67.

It is correct that Capital Transfer Tax would be chargeable on the gift to children. Insurance, as you suggest, is one means of coping with this, but may prove expensive. It would normally be preferable to ensure that at least the initial exemption on the first £64,000 is taken up on the death of each spouse so that part of the estate of the first to die is given to the children.

Maintenance charges

Our son recently bought a flat (one of eight) in a large house. He has just received the bill for the first six months maintenance charge and together with the other flat owners was surprised to find it was about 50 per cent more than had been forecast. Very little seems to be done for the amount concerned. Can they—

(a) expect to receive a breakdown of the charge if they ask for it?
(b) ask for the cleaning of the hall and staircase system to be reviewed as very little seems to be done for the money paid?

Your son is entitled to a breakdown of the constituent elements of the service charge and may be entitled to claim that the sum ascribed to the cleaning of common parts is not reasonable. Section 136 of and the 19th Schedule to the Housing Act 1980 give him those rights.

Charitable covenant

I maintain that the gross amount of a charitable covenant is a deduction from taxable income for the purpose of calculating age allowance. My tax inspector disagrees. Can you please give me your views and advice? You are right. We suggest that you ask for your appeal to be put on the list for the Special Commissioners (instead of the local General Commissioners), in view of the complexity of the legislation in question. Do not forget to apply to postpone payment of the amount of tax in dispute. The inspector's contention cannot be reconciled with the wording of section 457 of the Income and Corporation Taxes Act 1970, section 34 (3) of the Finance Act 1971, etc.

INSURANCE

The good broker guide

INSURING YOUR car has only a tenuous connection with providing for your family in the event of a premature death.

If you've become confused about where you should turn for impartial advice on different types of insurance matters, a directory published this week by the insurance brokers' trade association and watchdog may be of some assistance.

Insurance brokers already have their own self-regulatory body, established under the Insurance Brokers' Registration Act 1977—before the need for greater investor protection became widely accepted.

Under this Act, all persons wishing to trade under the title of registered insurance broker have to achieve standards of expertise, meet minimum financial standards, take out profes-

sional indemnity insurance and conform to high ethical standards of conduct.

However, the Act has certain major deficiencies, one being that it does not distinguish between general insurance business and life and pensions business.

These two branches of insurance are as different as chalk and cheese, with the gap widening with the passage of time as all classes of insurance become more complex.

For instance, a registered insurance broker specialising in motor business may know little about life and pensions.

Many insurance brokers firms appreciate the need for specialisation and split their operations into general and life and pensions with a specialist in charge of each.

ing for the public to use registered insurance brokers for all their insurance needs to obtain expert, unbiased advice.

The public cannot easily decide whether an insurance broker is a life and pensions specialist—a point that BIBA appreciates and has now partly rectified.

It has compiled a Directory of Life and Pension Brokers from within its membership; the list was published this week.

To get into the directory, the broker must be a member of the Association. The broker must deal with at least 10 life companies and the employee responsible for life and pensions business must have at least five years' experience in that branch or three years' experience together with a recognised examination qualification.

TRAVEL

Where Britain is rich

BY ARTHUR SANDLES

I CONFESS, my mind wandered. It was one of those spectacularly British evenings. The setting was Stourhead, a National Trust property so close to the south-western edge of Wiltshire that it nearly tumbles into Somerset. Stourhead House, by UK stately home standards, is a modestly impressive monument to the nation's opulent age. Its gardens are, as our American cousins might say, something else. Conceived as a bucolic playground for the gods, with foliage-clad slopes sweeping down to a huge placid lake, it seems today to be precisely what was intended.

Pen and his pipes, nymphs, shepherds and recumbent Zeus would not be amiss.

On this occasion, however, it was the London City Ballet, dancing away on a stage built out onto the water. It was the inevitable Swan Lake, but no less magical for its predictability.

The rush to be there, to picnic on those slopes, to sip wine while watching the dancers against a gradually setting sun, to see the wax flames lit, a thousand or more, each one over a group of picnicers... the rush was so great that the National Trust confessed itself to embarrassment.

There were, of course, enormous queues for the only lavatories.

My mind wandering came over the realisation that Britain is remarkably richer in such houses and gardens than any other nation in the world.

Often European lordly houses are in city centres—presumably because constant warring made country property something of a liability. In France even the country houses tend either to be still closely guarded and private or open and starkly unloved.

The British have kept their wars on other people's territories and have been able to indulge their architectural fantasies in rural settings. For centuries, although we might have our doubts today, Britain was also remarkably rich.

At the last count there were just over 300,000 "listed" buildings of historic and/or architectural interest in England alone. It is a collection which the Royal Commission on Historic Monuments thought to provide



Wingfield Castle... new to the list

a richer variety of types, styles and periods than exists anywhere else in the world.

If you count these properties on a square-mile basis you begin to see where they are concentrated. Warwickshire, for example, is about halfway up the list with more than six listed properties in every 10 square miles of land (Warwickshire covers nearly 1,000 sq miles).

Kent is much more richly endowed, with one for every square mile, a density which compares with remote Northumberland with only one listed house for every 10 square miles.

Some 1,533 English houses, buildings and monuments are open regularly to the public this year, of which nearly half are still in private hands. The Government itself controls 29 per cent of them, with 12 per cent run by the National Trust and the rest by local authorities.

The total is constantly rising. Among new properties open for the first time this year are the 14th-century moated Wingfield Castle in Suffolk, seat of the de la Poles family who became the Earls and Dukes of Suffolk; Hartlebury Castle, home of the Bishops of Worcester for over 1,000 years; and Bowden House, Tonnes in Devon which has 18 500-year-old bread ovens and a newly discovered Tudor wall painting to be seen.

Unfortunately visiting the historic houses is not as much of a cheap day out as was once the case. The average entrance fee these days is 85p, with Greater Manchester the happiest hunting ground since all but five of the 17 properties in the area allow visitors in free. At least 67 properties have now

broken the £2 a head barrier, and these include the stately home names like Beaulieu, Eton, Castle Howard, Hampton Court, Haver, Longleat, Montacute, Weston Park and Woburn.

But the number charging a pound or more to get in is rapidly approaching 50 per cent. Oddly enough for a Government which constantly urges restraint upon others it is State-owned properties which have pushed up prices fastest. Given 1979 as a benchmark 100 the retail price index has risen to 188, but state property admission prices have gone to 233 compared with National Trust at 218 and private properties at 189.

These figures all come from the latest English Heritage Monitor, a splendid annual document produced by the English Tourist Board and one which, I hope, will not die in all the cutting that is going on these days.

Strikes latest Monitor demonstrates vividly the way in which historic houses are having to take up modern ways in order to raise the cash to keep going. Stately home visiting is not a booming business, total admissions rose by only five per cent last year and the influx of foreigners attracted by the weakness of sterling may have had a lot to do with that.

Houses that saw spectacular rises in custom tended to do so because they bent to today's demands for there to be more to a visit than a nice house and a pleasant garden. Haslebury Manor, on the Isle of Wight, managed an 83 per cent rise in custom partly thanks to a new doll museum and a model rail-

way. Nostell Priory in West Yorkshire boosted traffic not only with publicity for a Holbein connection, but also through holding a military tattoo, a horse show, a steam fair and a country fair in the grounds; Bleak House in Broadstairs put a smugglers museum in the cellars; and Quarry Bank Mill at Styal added a working Victorian weaving shed and built a restaurant.

It is all a bit far from opening on Thursday afternoons and his Lordship taking sixpences at the drawbridge.

For my own money, whatever the commercial tricks they have to get up to, I still prefer the privately owned houses. They have a stamp of personality about them which the others can never match. Owners can indulge in decorative and gardening whims which others cannot. The National Trust, which heaven preserve, would find itself in the midst of awful rows if it indulged in eccentricities. But these are the very things which gave the houses which are in its care their status in our affections.

The greatest problem the Trust faces, I hear, is with its gardens. These, unlike the houses, do have a tendency to grow and, sometimes, to die. They cannot be "maintained," like the house.

For the moment, however, the gardens of Stourhead remain splendid. A wonderful place for watching the sunset (and this year's sunsets, perhaps thanks to the odd weather, have been spectacular) and a perfect place to contemplate the pleasure of a summer in Britain and our remarkable heritage.

Homage to Catalonia, 1984

BY ROGER BEARD

THERE ARE two Spains, the sunshine resorts of the Costa crammed mile-high with tan-seeking North Europeans, and historic Spain—continuously torn apart for a thousand years by Moors, Christians, Austrians, the English and French, and the Spanish themselves.

Inland from the coast, 20 miles past the mountains that form its backdrop, that is the Spain you can meet, dry as dust in the summer and Arctic cold in the winter.

For about £60 you can take a helicopter flight to Barcelona, hire a car for the same price for five days, take pot-luck on where you stay, and discover a country as untouched as Lloret and the other coastal resorts are tainted.

First pick your car up at the airport, but remember to pay for it here—otherwise the Spanish end of the international operators will charge you a hefty deposit which will wipe out your holiday money—then drive. Not into Barcelona, but first south along the coast.

Aim for Cambrils, the busy fishing port beyond Sitges and Castelldefels, where the eating is renowned throughout Spain, the hotels variable, but you can pick up a double room for a fiver.

What Cambrils will do is get the Mediterranean out of your system without the shock of finding every menu printed in Eurospeak, before you continue down the N340 coastal road to swing in land to the Spain not on the normal tourist circuit.

That you should meet the next day, when you finally swing right at the Ebro river and up to Tortosa, a mediaeval city complete with a crag-top paradox hotel, and a very recent memory of the savagery which invests the Spanish hinterland.

Tortosa was the site of the Civil War battle of the Ebro, which 150,000 Republican deaths later put Franco into power in the late 1930s. It is no place to stay in, at risk on the paradox terrace—rooms £20 a night—will do. There are 120,000 bodies unmarked along the river's south bank, with no memorial save the frightening east-facing El Caudillo erected in the middle of the river when he won.

Instead, continue down the coast to Peniscola, a complete and enchanting Templar town on a rock where you can eat and sleep surrounded by blue sea and just the memory of the last anti-pope, Benédikt XIII, who holed up here till his death in 1422, and founded St Andrew's University in the meantime.

From now on, you will be in the real Spain—of fortified hill towns, sleepy villages, no concrete, and an awesome landscape.

The pearl of the towns fortress against the Moors must be Morcia, 3,000 ft up, on its own rock, and completely surrounded by a mile of 14th-century ramparts. As you walk up into the town through a maze of narrow alleys crossing horizontal main streets, you can almost smell the threat under which they lived.



The monastery of Montserrat

At the top is the castle, monastery, and church. When the Knights of Montesa designed the town, they built a citadel which is even now impregnable, and founded a 3,000-strong community whose way of life has changed little since the 17th century.

After Morcia, as you continue back towards Barcelona on the back roads, you should be warned. The villages are to 50 miles apart, the land is scarred into 200-ft-deep ravines, and there are few if any places to stay—and the ones that are are usually close to monasteries and other tourist attractions.

Should you make Les Borges Blanques, a spa town at the back of Catalonia, you will be rewarded at least with a room, and a restaurant, in Spanish cuisine.

El Carro Blanc, in a converted garage, looks less than promising, is run by a set of Catalan separatists—you need a Catalan dictionary to translate the menu—but will give you a meal of excellence for under £8 a head.

You are now in the heart of Catalonia, not only are the road signs in Catalan, most of the population speaks no Spanish or chooses not to. And just down the road are the two monasteries which are the pride and joy of the autonomous province.

The first is a Poblet, austere, Cistercian, and founded to celebrate Catalonia's liberation from the Moors in 1150. They will let you in for 50p, lock the door behind you, and take you on a conducted tour which—almost in passing—includes the Royal Mausoleum of the Kings of Aragon, immortalised in alabaster, but still with those strong, straight Catalan noses.

If Poblet is peaceful—the inner courtyard really does look like an oasis—Montserrat is spectacular. Past the industrial town of Igualada, to be avoided for its bad hotels and unfriendly atmosphere, you come upon the jagged teeth of the Montserrat massif.

These are the mountains where Wagner sat Parsifal and where the religious in Catalonia have their national shrine—that of the wooden, black madonna at the monastery of Montserrat. You cannot describe what it is like at Montserrat, you must go there for yourself.

Unfortunately, that is what tourists do from all over Europe, by the thousand, climb load upon load. At the top of the mountain, alongside the monastery, and the memories of Parnassus, is a car park—and a Gatwick-sized one at that.

The best way to visit Montserrat is not by car, you get bad tempered going up there and worse on your way down, and then by a cable car which takes you over the heads of the tourist jam straight to the bastia.

A tip for the journey back: Forget the duty-free booze at Barcelona airport, stock up with Penedes at Vilfranca, and you can remember Catalonia—at least for a night or two.

The latest of last orders

SUDDENLY ALL that talk about desperate package tour operators eager to sell off holidays at any price has largely disappeared. If you are planning a holiday by air within the next couple of weeks and have not made any reservations yet, you are going to have to take what is left. There is not much choice.

The major operators largely sold out their August capacity finally a week or so ago. Thomson, which had a "summer sale" in July, has nothing until September. The others have "odd bits and pieces".

The news is not much better with scheduled airlines. Flights in the U.S. are particularly heavily booked over the next few weeks. If, however, you are not choosy over the carrier or the day on which you travel you should get a seat or two.

One of the bits of good news this week was the setting up of a computer-based hotel bookings system for the holiday resorts of Spain. This enables people

who buy discount airline tickets to make hotel reservations at the same time.

Spain Instant is an extension of present schemes operating in Germany and the Benelux countries. The system has been available for travel agents only in the UK for the past couple of years but is now being opened up to the public thanks to the huge demand.

The company has thousands of hotel rooms in Spain's main islands and inland. If asked, Spain Instant will normally refer customers to Unjet, a major airline seat seller, for the flight part of these self-made packages.

Both companies assure me that there is a capacity for August, with flights at between £85 and £120 round trip and hotel rooms at say £10-£15 a night for half board in a three-star hotel in Palma.

Another major seller of seats, Falcon, also does packages and has availability later in the month—from £199 for a week in Corsica, £179 for a week in

Corfu, up to £400 for two weeks dinghy sailing in Greece or Turkey.

Another example of what can be found at this time of year comes from Westbury Travel which not only has Gites in France at the end of the month from £105 a week (including ferry) but also coach trips to the Alps for £63 in what must be a cosy apartment (its only £58 if you drive yourself).

Superdeals has a special programme operating at this time of year, but even here the pickings are getting thin. "Our bookings for the past two weeks have been 273 per cent up on the same period last year," says managing director Mr Roger Corkhill.

He is still offering some apartment accommodation on the Costa Brava (from £144) and trips from Manchester to Rhodes with bed and breakfast hotel accommodation for £214 for a couple of weeks.

Most travel agents ought to be able to check very quickly whether they are holidays available to the destination you require very quickly with the aid of today's computer systems or Prestel.

Some groups, Thomas Cook for example, have a special late booking system of their own. If you live in Greater London the Late Traveller organisation specialises in late holidays (5 Garrick Street, London WC2E 6AZ) but my attempts to get through seemed in suggest that the world and his wife were on a similar mission.

The present rush looks like tailing off a little in early September and if you can wait until the middle of next month then the normal wide array of offerings are available. If, however, you are travelling with a family and therefore need more than two seats it is worth booking up as soon as possible.

Arthur Sandles

On course for green fingers

IT SEEMS that many amateurs are thirsting for professional instruction in the craft of horticulture and the art of garden design. Only so can one explain the sudden proliferation of classes of many kinds designed specifically for home gardeners.

In many ways the most ambitious of these has been prepared by the City and Guilds of London Institute for, at its highest level, it entitles successful students to a new Certificate of Amateur Gardening which will carry the prestige of this highly regarded technical testing and qualifying body which operates under Royal Charter and organises examinations in a wide range of subjects taken by more than half a million students every year.

The scheme is also very flexible, catering both for students who can only spare a little time for study and for those who wish to delve much more deeply into the subjects of their choice. This it does partly by splitting the whole course into 22 subjects which can be taken individually or in any desired groups but also by making it possible for these subjects to be studied in colleges of further education and various horticultural centres or at home. The certificate is not available for individual subjects but for approved groups of subjects.

Special books have been prepared for these courses under the general editorship of Alan

GARDENING
ARTHUR HELLIER

Titchmarsh and these are published by World's Work, The Windmill Press, Kingswood, Surrey. Titles so far available are "Making a Garden," by David Stevens (£6.95), "The Lawn," by George R. Shiel (£5.95) and "Vegetable Growing," by Christine M. Watken (£6.95).

The same authors have also prepared video cassettes on these three subjects which have been produced by Holiday Brothers, 172 Pinney Lane, Haulde Green, Chesdale and there is a fourth cassette on "Basic Gardening" by S. R. Dowbiggin.

Students who prefer formal tuition in a school will find a considerable range of options. Locally there may be evening or day classes following the City and Guilds syllabus and there are also residential courses such as that organised by Cam-

Manor Institute of Horticulture and Field Studies, Bullmoor Road, Waltham Cross, Hertfordshire. Here there is a choice between one-week courses starting on Monday afternoons and finishing after lunch on Saturdays and week-end courses for which students assemble by 9.30 pm on a Friday and leave after lunch on Sunday. The week costs a minimum of £125 and the week-end £45. Further information about these Amateur Gardening courses in horticulture can be obtained from City and Guilds of London Institute, 76 Portland Place, London.

Another new venture in education for the gardener is The English Gardening School which has been set up by Rosemary Alexander at the Chelsea Physic Garden, 66 Royal Hospital Road, London, SW3. Courses here range from one-day conducted tours of well-known gardens, which cost £30 a time, to a course on garden design which can either be taken one day a week over a whole year at a cost of £800 or can be concentrated into eight weeks full time. October-November, for £750. Alternatively courses are two days, six weeks on drawing for £240, two days, five weeks on maintaining and improving a garden for £180, a series of two-day seminars for £50 and one day intensive courses for £30.

The Inghild School of Design has been training both professional and amateur gardeners for a long time but now has a new director, Tim Rees, a young gardener who trained at the Royal Botanic Garden, Kew and Merrist Wood Agricultural College (which has a very successful landscape department) and who has many new ideas on how the school should proceed. Here again there is a choice of courses to suit the amount of time and money that can be spent. Ten weeks in October or May will cost £1,138, three weeks in September, March or April £440 and five days in September £290, all plus VAT.

When I called last week at the Hollington Nurseries, Woolton Hill, Newbury, to see for myself the herbs and medicinal plants I had admired so frequently in exhibits at Chelsea and the Westminster flower shows I even found that Simon and Judith Hopkinson, who started the nursery in 1976 in a two-acre walled kitchen garden, were contemplating running day courses for home gardeners next year, probably in summer when the rush of spring work is over. They felt there was a desire for instruction not only in the selection and cultivation of herbs and the design of decorative but useful herb gardens but also in the use of herbs so many of which are totally ignored in most cook books. They could well find themselves inundated with inquiries.

Company Notices

HOPE STREET FUND S.A.

Registered Office: LUXEMBOURG, 14, rue Aldringen
Registre de Commerce: Section B No. 5221

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on August 10th, 1984 at 15.30 o'clock for the purpose of considering and voting upon the following matters:

- 1) To hear and accept the reports of:
 - a) the directors
 - b) the statutory auditor
- 2) To approve the balance sheet and the profits and loss account for the year ended March 31st, 1984 and in consideration of dividend
- 3) To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1984.
- 4) To elect the directors to serve until the next annual general meeting of shareholders
- 5) To elect the auditor to serve until the next annual general meeting of shareholders
- 6) Any other business.

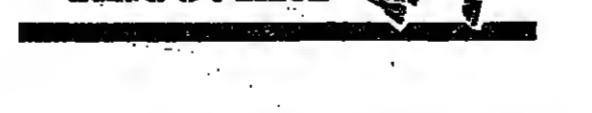
The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder may vote by proxy or by ballot.

In order to vote at the statutory meeting of August 10th, 1984 the owners of bearer shares will have to deposit their shares with clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

- Banque Generale du Luxembourg S.A., 19, rue Aldringen, Luxembourg
- Crediteasie Bank Limited, 30 Lombard Street, London, EC2

The Board of Directors

WRESTLING WITH RECOVERY



A recent series of features on a cross-section of British manufacturing industry set out to illustrate how they had coped with the worst recession since the '30s and how they viewed the future.

Senior executives of the following companies were interviewed by FT journalists:

Trotal, Armstrong Equipment, DRG, Brawn Boveri Kent, Perkins, Shearwater Steel, Croda, IMI, Digico, Alcan, Plessey, Kenwood, Dubilier and Gestetner.

These features have been reprinted in a booklet, priced £3.50, available from:

Nicola Banham,
Financial Times, Publicity Department,
Bracken House, 10 Cannon Street,
London EC4A 3DF

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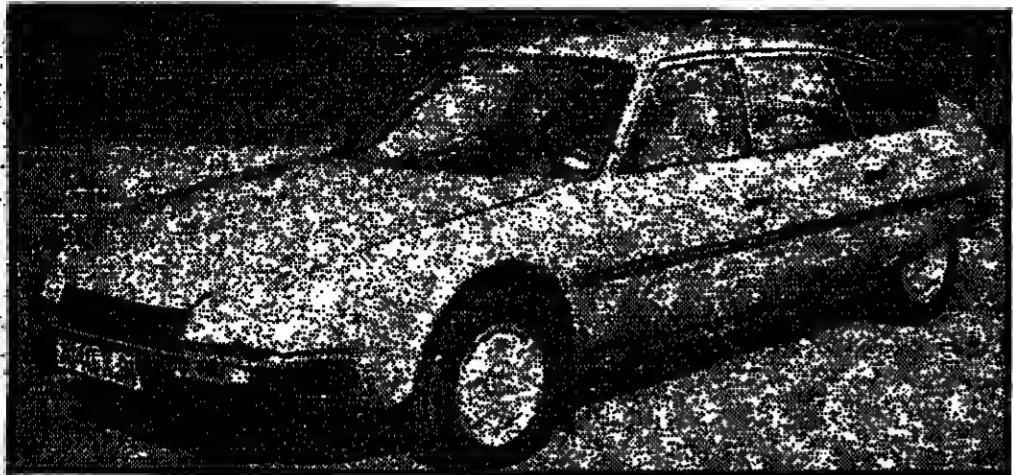
St. James's Palace, London SW1, 01-577 9985</

MOTURING

PROPERTY

Less guzzling with diesel

BY STUART MARSHALL



The Citroen CX 2.5 DTR Turbo. A superbly suspended 5-seat motorway cruiser with the fuel consumption of a mini-car

FROM KENT to Vienna is about 1,000 miles. A round trip over a long weekend may sound like hard work but the Audi 100 made light of it.

On the autobahn it cruised at 90-95 mph, in the city centre and in the villages of Burgundy it pulled without snatching at 50 mph. For the main road part of the return journey my running average was 61 mpg and the fuel consumption, 39 mpg. Having filled up for the last time in Bonn, I reached my home with nearly half a tank full.

That was in late Spring. Last month, I covered nearly 1,000 miles in a Citroen CX in France. The autoroute limit of 81 mph need not be taken too literally late in the evening, mid-week, and my hour-to-hour average was close to that achieved in the Audi. With lots of local running around in southern Brittany, the big Citroen achieved 40 mpg.

And this week, I tried to drive a Peugeot 205 from London to Gloucestershire, at realistic speeds on £10 worth of fuel. I didn't make it, but my average speed before the test tank ran dry within sight of the border was 55 mph and my consumption, 52.1 mpg.

The reason, need I say, why these three cars went so far and so fast on so little fuel is that they were diesel engines. I sometimes feel I should apologise for clattering my compression-ignition hobby horse across the column once again but the fact of the matter is that the benefits of diesel motoring are still not fully appreciated in Britain.

This year, we will buy around 50,000 diesel cars, accounting

for perhaps two per cent of the market.

That will be more than double last year's total, but it is still trivial compared with mainland Europe, where the company car is a rarer beast than it is here and drivers tend to have a more personal interest in curbing their fuel bills.

Both Audi 100 and Citroen CX were turbocharged. The Audi's five-cylinder engine is of 2-litre capacity, the Citroen's four-cylinder of 2.5 litres. The spring noise to life first thing but the hammer-on-nyl effect dies away in a minute or two.

At idling speed, you would not mistake either cars as petrol engines but on the open road—and especially when motorway cruising—a trained ear would be hard put to it to detect that they were diesels.

Both comfortably exceed 100 mph, accelerate powerfully in fourth gear from 40 mph for overtaking and may be treated as one-car cars for much of the time.

The Audi feels more conventional in the way it handles and it creates less wind noise, though the tyres rumble loudly on coarsely textured roads. The Citroen has even more comfortable seats than the Audi, its gearshift is slower and the speed-sensitive power steering with ultra-rapid response takes getting used to.

The Audi rides well, the Citroen superbly. No car is more at home on the N and D roads of France than a CX. But it shows its age in the poky boot for so large a car; the Audi is vast.

Looked at in plan view, both cars have huge areas of slop-

ing glass which draws the heat of a summer's day. The weather was hot when I drove the Citroen and the fresh-air ventilation simply couldn't cope. The Audi wasn't so bad, but the temperatures were lower. In either car, air-conditioning would seem the answer.

Both cars are magnificent trans-continental transport, demanding refuelling stops only at 500 mile intervals. The list prices are close: £11,805 for the manual Audi (an automatic is £12,333), £11,811 for the Citroen—there is no two-pedal version.

The £5,545 Peugeot GRD isn't turbocharged but its 1.7 litre engine makes it so lively one could be forgiven for imagining that it was. It demands a conscientious effort to keep speed down to the tolerated 80 mph on the motorway. Abroad it will stride along in its high fifth gear at 90 mph all day long if required.

It rides on its supply suspension like a large car, not a small one. I found it was as enjoyable scurrying through the bends of minor roads in the Chevrolet as it was relaxed at rolling up the miles on the Audi.

When I lunched with Walter Hayes, Ford of Europe's vice-chairman, this week, I confided my enthusiasm for diesel cars and my confidence that their sales would rise sharply in Britain. He agreed.

Britain is the base of all Ford's diesel development, world-wide, and Ford is committed to offering a diesel option on all its future models. Hayes wouldn't be surprised to see 20 per cent of all Europe's cars diesel engines in a few years time. Neither would I.

A buyer's guide to Cowes week

BY JUNE FIELD

DEEP ROOTS: dandelions, oxalis and dock when you've handled that lot/you've still to find the rock wren Henry de Vere Staupole in 1887 of his Victorian garden in Bonchurch, Isle of Wight.

The garden on the face of a cliff belongs to the cottage now lived in by Joan Wolfenden, author, artist and gourmet cook. She used to run the hotel below, the Peacock Vane, until she handed over the management to her son, John Wolfenden.

The story of how she fought "the weeds and the wind, the snails, slugs and other pests" over some 15 years, is delightfully documented in her book, handwritten and painted, *The Glory of the Garden* (£10 plus £2 postage from Peacock Vane Publishing, Bonchurch, Isle of Wight).

Not so far away at Blakes Hill, it was a similar story of devotion to the soil. Vendor agents Watson Bull and Porter's sale brochure vividly described how over 26 years, its late owner, Lester Harris, working mainly with his hands and simple tools, transformed agricultural downland into a garden of incredible quality. "It's a dream made real: a wondrous place that writers would not dare invent." The property, with only a temporary dwelling and a heat-up old cottage, sold at auction in June for £95,000.

Property on the island is now in much greater demand than it has been over the last few years, and ferry services have

been increased too, with a new Hovercraft, Southsea to Ryde, started in March. In general prices for property are considerably lower than in other parts of the country.

In Cowes, where it is the start of the annual major yachting week, realistically priced properties do not hang about for long, says Peter Crocker, who runs a single-office practice in the High Street, though with mortgage rates increasing and funds beginning to tighten up he feels things could slow down a bit.

"Cowes has a diversity of property starting from around £12,000 for a small unmodernised terrace house, and there is a large contingent of older style properties easily available in the immediate town area. There is practically no new building developments being undertaken in the immediate Cowes, Gurnard and Northwood areas except for small pocket developments here and there, and one reasonable up-market estate of individual houses and bungalows off Basing Road."

"He feels that until confidence returns to the market the outcome for larger developments in the Cowes area is unlikely to improve, particularly as the availability of land with planning permission is limited. Crocker's current property portfolio includes a 1 bedroom flat at £19,500 at Osborne Court, opposite the harbour, with some views over the Solent, and a yachtsman's cottage in Park Road is £20,950. Another



cottage that was once part of the old grammar school and masonic hall is £22,950, including a free removal service for your furniture, and down near the ferries, Mayflower House, a former pub, is £53,000.

"The market is currently very active where character properties with an acre or more of land are concerned," says Mr J. E. Lewis, of Way Riddett, in Pyle Street, Newport. "First-time buyers are looking for small pre-war World War cottages which have been improved, and retired couples naturally want bungalows which have always been at a premium on the island."

The firm recently sold Bagwich Farm, near Godshill, which has a "Prayer Room" said to have been used by John Wesley, and a barn with planning permission for cider-making. The place went to a local builder on an asking price of £95,000. A thatched cottage, The Green at Shorwell, on offer at £37,500, has a little annex suitable for holiday letting. The village is known because Magnus Magnusson came there in 1956 to supervise the filming of a picture in the local church in the church at Thingvellir, Iceland.

"The majority of our buyers tend to be those looking for retirement homes, often selling their property for a good price on the mainland," confirms Ian Thomas of Watson Bull and Porter's Freshwater office.

"They can then buy a small bungalow at a lesser figure, enabling them to have cash in hand," Ian Thomas will send a West Wight property brochure which gives information on doctors, dentists and a vet, churches, banks and coach booking offices.

A current listing is Brookhill House, Brook, in 25 acres, the former home of J. B. Priestley, which is now six, two and three bedroom apartments from £22,500.

Spring euphoria has levelled back, and reductions in asking prices are now being made, admits Keith Rogers, of Creasey and Jeffrey, High Street, Newport. "Nevertheless, above average contemporary homes and large character houses in the £75,000 to £90,000 range are still selling well."

They are offering the 17th century, Halverstone Manor Farmhouse in a small hamlet mid-way between Mottonine and Brook (£75,000 including an old cottage and barn); and

Co-inciding with Cowes Week, Gazebo Park, in 32 acres near Newport, Isle of Wight, one-time home of the Hobart family, is on the market again. The last time it went up for sale was in Cowes Week 1980.

The 13-bedroom Georgian House, listed Grade II, built 1751 for Sir Edward Worsley, has a swimming pool, tennis court, stable and garage block, and in the region of £300,000 is being asked by Richard Dixon, Watson Bull & Porter, 24 High Street, Sandown, L.W. (0983 403373), and Peter Clementson, Jackson-Stops & Scott's Chichester office (0243 786316).

The Elizabethan Merstone Manor, near Newport, built of 12 inches square solid oak timbers brought over from the New Forest from trees that supplied the wood for the fleet at Buckler's Hard, is in the region of £200,000.

Merstone Manor is a small hotel at the moment, with the rooms named for previous owners—Edward Cheke who married Eleanor Oslender in 1680, and was responsible for the present house, Sir Francis Dawtry, Admiral Hawkins, and so on. Visitors should be sure to look at the extract from the Domesday Book which traces the history of the manor back in 1086, when it was held by Edward the Confessor.

"Picture book cottages are always in demand, particularly in Godshill. Legend has it that the building of a church was begun on a site at Showwash, but that on three successive nights the stones were removed unseen to the site of the present church. The thatched Church Gate Cottage is said to have been the sexton's house, and is part of a group which probably the most photographed on the island. The price has been reduced from £65,000 to £60,000."

Following royal footsteps

Naturally properties with connections with Queen Victoria abound:

● The Station at Whippoleham was originally built in 1878 so that the Queen could get over to her holiday home, Osborne House. The Station House is now a four bedroom home, with the hall made out of what was once the signal box. (In the region of £65,000 through Creasey and Jeffrey, 139, High Street, Newport.)

● Albert Cottage, in 2½ acres, with its special walkway to Osborne House, was built by Henry Cubitt for Prince Henry of Battenberg, and his wife Princess Beatrice, Victoria's

youngest daughter. (She succeeded her husband as Governor of the Island in 1896.) The cottage, more a small mansion, is now five apartments (two of which are let), plus a summerhouse-chalet said to have been presented to the Queen around the time of her Golden Jubilee. (Offers in the region of £125,000 through Creasey and Jeffrey, and Sir Francis Pittis, both in Newport.)

● Fort Albert, one-time Victorian defensive outpost, was reputedly built under Prince Albert's supervision, eventually becoming a secret manufacturing and testing site for an early torpedo, and then an anti-air-

craft battery. The fort has now been converted into flats by television reporter Malory Maltby and his wife Diana. The original gun ports have been retained. Prices are from £52,950 through Watson Bull and Porter, Freshwater.

● With Lymington on the mainland having three ferries constantly crossing to Yarmouth, Lymington agents Jackson and Jackson also handle properties across the water. They have been offering, at a figure close to £245,000, a 17th century farmhouse in 13 acres at Freshwater, with finely landscaped gardens, lawn, and paddocks, and views over the bay and the Purbeck Hills.

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HOW TO SPEND IT

Highs without hangovers

ANYBODY WHO eats in expensive restaurants or in the private dining-rooms of City establishments can't have failed to notice that whereas once upon a time the finest white burgundies and clarets used to grace the tables, nowadays a bottle of mineral water is a more likely accompaniment.

And it's not just in restaurants—in homes all over the country people seem to be trying to find agreeable ways of drinking less alcohol. The generation that took to wine in the wake of the growth in foreign travel has discovered the hard way that the time has come to cut down. The great health and fitness has got to us all.

The figures tell some of the story. Whereas in 1978 we bought just 57m worth of mineral water, in 1982 (the last year for which full figures are available) we bought some £30m. Sales of fruit juices have doubled in three years and in the last month there has been a whole spate of new attempts to capture the funds that once went to the wine merchant.

Probably the most sophisticated of the new alcohol-free drinks is the collection just launched by Kater-Roc. Well, at least the packaging is sophisticated—the bottles lined up look for all the world like part of a well-stocked French bar, reminding one irresistibly of evenings in Paris sipping Pernod.

There are three different aperitifs in the range—Bacarat, Americano and Anise. The manufacturers tell me that all are made from blends of natural essences, herbs, spices and fruits. Besides having no alcohol at all in them they are also extremely low in calories—another booming section of the drinks market (last year some 136m litres of low-calorie carbonates were sold in the UK and research reveals that most of those who drink them are tipping them all the time and not just when they are on a diet).

Some intensive consumer-testing of the three has been going on among my family, friends and colleagues and the general consensus seems to be that Bacarat is much the most appealing of the three—it is, clearly, to be a substi-

tute for a red vermouth, and has, say the manufacturers, just 24 calories per 1 gill.

Americano was described by the head wine waiter at Maxim's (no, not the Paris one but Maxim's of Pantion Street, London, W1) in these terms: "Americano is of course a cocktail and this is a made-up cocktail. For me it is perhaps a little too bitter—a little too sweet. But there are many variations in making the cocktail. Different people have different tastes. This is a very good drink."

Of Anise, he had this to say: "The Anise is as good as any pastis aperitif I have ever tasted. A really excellent drink."

We decided that all the aperitifs tasted very much better if treated with some care—serve them with plenty of ice, tonic or lemonade (low-calorie versions for weight-watchers) and a slice of lemon helps. Everybody agreed that they liked the fact they are not too sweet. All had a refreshingly unclinging taste, astringent, sometimes a bit bitter.

From next week the aperitifs at about £2.45 each will be going into supermarkets and off-licences.

Over at the Cocktail Shop at 30 Neal Street, London WC2 or 5 Avery Row, London, W1, there is a vast range of cocktail mixes, all of which contain no alcohol. Though mixes like Pina Colada, Blue Pineapple, Passionfruit Nectar and the rest were all originally developed to be mixed with spirits, many of them are now being bought to be mixed (try it in the blender for best results) with crushed ice and fruit juices, tonic water or even other mixes. For instance, instead of adding rum to the Pina Colada mix you can blend it with crushed ice and some of the creamed coconut.

A splendid booklet, *Non-Alcoholic Cocktails* by Anne Jesper, gives some mouth-watering cooling suggestions. Try the classic Pussyfoot recipe—1 part lemon juice, 1 part lime juice cordial, 1 part orange juice, 1 egg yolk, all blended with ice until frothy. Garnish with orange, lime and lemon slices. Or what about the Summers' Special? 1 part alcohol-free pastis, 4 parts low-calorie bitter lemon, served on the rocks.



LEFT: In modern mood, sleek and undecorated is this collection of acrylic tableware from the Italian firm of Guzzini. Just the thing for taking out of doors or packing away on plinies, it is bright, attractive and almost unbreakable. There is a large range of Guzzini acrylic products but shown here is a circular ice-bucket (£12.95), of very dashing shape and design. The tumblers stack one on top of the other and are splendidly capacious. In clear acrylic with a narrow red and grey band, they are £12.20 for a set of six. Part of the set is the jug (£7.70) and the tray (£7.10) which is in white edged with the same narrow red and grey border. All are available from The General Trading Company, 144 Sloane Street, London, SW1.

Photographed on the tray are a couple of the bottles of cocktail mixes from The Cocktail Shop, 30 Neal Street, London, WC2, or 5 Avery Row, London, W1—the mixes can all be used as the basis of very drinkable non-alcoholic drinks when in the mood or, mixed with the suggested spirits, can be used for very potent cocktails.

Pictures by Alan Harper

RIGHT: gentle, old-fashioned shapes from the traditional glass-blowing centre of Biot in the South of France. The General Trading Company of 144 Sloane Street, London, SW1, has recently started importing a range of this immensely charming glassware. In palest blue or clear white, the glass itself seems filled with bubbles and all the shapes have that slightly irregular look that is the mark of the truly hand-made. Photographed here is a large, traditionally shaped jug (£18.40)—there is a much smaller one 4 ins high, at £10.55, two goblets at £8.60 each, and the ice bucket at £12.20. Also in the range are fluted champagne glasses, whisky tumblers, highball tumblers and candle-holders. The tray is of rustic-looking cane (£13.65) and is large enough to carry quite a selection of glasses and drinks. Photographed on the tray with the glasses are two bottles from Kater-Roc's non-alcoholic range—Bacarat and Americano.



Putting the cart before the course



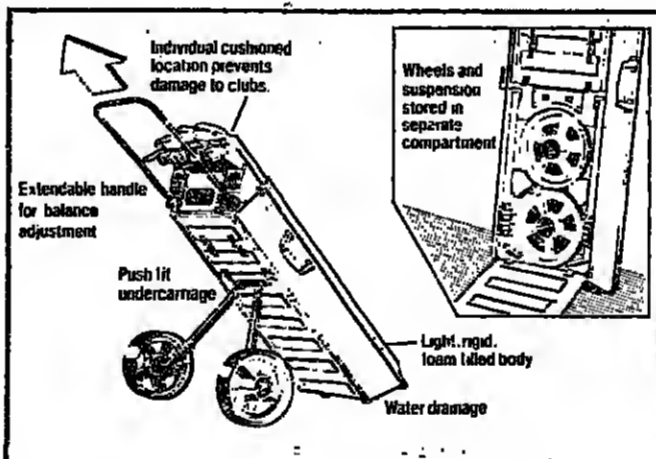
PHOTOGRAPHED here is a combination of a golf bag and trolley recently launched with much fanfare.

Described by its inventors as "a clever new design combining the traditional golf bag and unwieldy metal trolley in one stylish flight-case," it is aimed at all those golfers who want more than a trot round their local links and fancy sampling the pains and pleasures of golf courses all over the world.

It costs about £199, is going into sporting departments and pro shops now and in the next few weeks will anybody wanting to buy one urgently can do so directly by writing to: Third Millennium, Manhattan House, High Street, Crowthorne, Berkshire.

As I would hardly know a tee from a fairway I asked a former Cambridge blue and former Channel Island boy champion to cast an expert eye over it. Here is what he had to say.

TIMES have changed since Old Tom Morris carried a motley selection of clubs under his arm at St Andrews in the last century. The modern golfer expects not only to transport his armoury in a convenient



container but to despatch it to accompany him on golfing holidays in the Algarve, other parts of Europe and even beyond.

Those who have seen their treasured clubs emerge head first into one of those revolving bag-crushing machines at Heathrow will appreciate the need for something tougher than most conventional bags. This does not necessarily mean you need an enormous bag of the sort that tournament pros go in for. The new Caddyac not only provides rigid protection for the precious clubs but also offers a compactness which few

contemporary bags can match.

Weekend golfers who struggle to cram into the boots of their car an irregular-shaped bag together with folding trolley as well as the rest of the family's baggage will delight in the economy of space which this ingenious case (and its folding trolley which is neatly incorporated into the bag itself) has to offer.

The Caddyac also has a convenient carrying handle and recessed wheels so that it can be carried no less easily than a suitcase along airport corridors. For all its functional

advantages, the Caddyac is nevertheless at risk of striking the traditional golfer as no less of a gimmick than several predecessors which have since disappeared into oblivion. Golfers are a conservative-minded bunch and less receptive to the merits of innovation than most of their sporting brethren. The Caddyac cannot claim to be the most stylish of modern golfing equipment and probably falls between the two stools of club-carrying and trolley-pulling equipment.

If you're looking for more of a trolley you will probably want more storage capacity for your efforts than the Caddyac can provide—it offers relatively little space for the waterproofs, pullover, towel and other paraphernalia which the ardent golfer regards as all-important. For him this drawback, together with the lack of what for want of a better word I call style, will be far more serious and will outweigh the fact that the Caddyac undoubtedly makes it easier to select the right club (a relatively minor matter).

There is no denying the Caddyac has considerable practical advantages but somehow I can't quite see this space-age idea mounting any serious invasion of such a Royal and Ancient game.

POSTSCRIPT

OUT-OF-LONDON readers, or readers who cannot get to a really good needlework shop, might like to know about Richmond Art and Craft. Run by Mrs Julie Coad at 181 City Road, Cardiff, the shop has become not just a haven for needleworkers and artists in the Cardiff area but a source of mail order supplies for customers all over the country.

Mrs Coad stocks catalogues and packaged needlework kits by all the main suppliers (and will lend these catalogues to interested customers to help them choose) but in addition she stocks all the smaller items that artists and needleworkers need—things like a big range of canvases of all gauges, even weaves for counted threadwork, a vast selection of embroidery threads, embroidery frames, and everything needed for lace-making (apparently increasing in interest dramatically).

Those in reach of Cardiff should visit the shop, other readers who might be interested should write to Richmond Art and Craft, enclosing 90p and ask for the very comprehensive catalogue.

DOWN on the Isle of Dogs, everything is beginning to happen. Beautiful warehouses are being restored, small busi-

nesses are blossoming and at 120 Cannon Workshops, West India Dock, a textile art centre, run by Barbara Marriott is flourishing.

Mrs Marriott calls the centre Stitch-Design and says it is a haven for (mainly) women from all over London, the Home Counties and areas surrounding the East End.

Some of the women who come love the peace and quiet—they learn how to quilt or embroider, to smock or to hand-knit. Others are serious students of textile techniques but whatever it is you want to learn, all the tutors are highly-experienced and are specialists in their field.

For instance coming up in the autumn is a course by Hilary Tilney on smocking and needlework connected with babywear—anybody who attends the three-day course will be shown how to produce a baby's layette for about £20. The range of courses on offer is continually changing to meet the students' demands but anybody who has any interest in needlework, embroidery, quilting or smocking will be bound to find something to suit their needs.

Price per day is just £15 and includes coffee, a splendid healthy lunch and tuition. Having seen the work, I

can vouch for the fact that standards are very high and those who don't want to do the work but just buy the end-results can ask about the regular exhibitions at which work is sold. Contact Barbara Marriott at Stitch-Design, 120 Cannon Workshops, West India Dock, Isle of Dogs, London E14 (tel. 01-987 2835) for further details.

If nothing in any of the children's summer holiday camps I listed last week appealed either to you or your children, this week I was told about yet another course—one run by The Young Cooks Club.

Held in a large country house just north of Chichester in Sussex, children between the age of 10 and 18 are taught to cook by several top cookery experts (including Janet Laurence who runs a fine cookery school down in the West Country). There is room for just 20 students and apart from the emphasis on food and cooking, there is a swimming pool and tennis courts in the grounds, a squash court attached and riding stables nearby (ground, though, will cost extra).

The course begins at 3.30 pm on Monday August 13 and ends at 2.30 pm on Friday, August 17 and costs £86, inclusive of food, accommodation and tuition. For

further information write to The Young Cooks Club, PO Box 33, Chichester, West Sussex (tel. Chichester 779239).

IF YOU haven't got room for a proper fully plumbed-in washing machine, if you're a student living in a bed-sitting-room or just want the smallest and most inconspicuous washing-machine on the market, then Telfa's Washy is probably the one for you (shown right).

It costs just £50 and is small enough to sit on a draining board. Whereas the old model had just one programme, the new, updated version has several programmes from pre-wash, soak, wash and one to three rinses. Because it isn't fully plumbed-in it has to be filled manually by using a hose and for a hot wash, it must, of course, be filled from the hot tap. Now that so many cold-water wash-powders are around, it can be used very effectively with plain cold water.

The machine weighs just 8 kgs, measures 475mm by 470mm but for storing it can be made a more compact shape by folding down the top. Made from tough beige polypropylene, it plugs into an electric socket just like



any other electric appliance. It washes up to 2 kg of dry clothing and can be found

in most electrical departments as well as branches of Argos.

by Lucia van der Post



Water ways

I HAD never thought of adding up the cost of my indoor plant collection until one day I went to interview a girl who had a much more splendid assortment and she told me that she never went on holiday without arranging a "plant-sitter" because if they were all to die while she was away she would have lost something like £500 worth. As my friend put it: "It concentrates the mind wonderfully on devising ways of keeping them alive."

I wouldn't mind betting that many a plant is wilting right now while its owner bangs his head against the wall. If you already have established plants in containers that do not have built-in self-watering aids there are several choices on the market.

The Humex Plantminder (£2.95) is a shallow trough with capillary matting on the top that holds about four pints of water and measures about 24 in long. You could group quite a little collection of small indoor plants along it and the matting would supply enough moisture for 10 to 14 days.

For larger plants in big containers there is the Blumat—£4.25 for three. These are little ceramic funnels with a plastic pipe which you put into the soil at one end and the other end is put into a bowl or even a bathtub of water—as the pot dries water is drawn into the pul.

There are now several self-watering containers on the market. Grosilex makes a good range and Christian Day will make them to any size (up to 20 ft by 20 ft if that's what you want)—order them through any of the Clifton Nursery branches.

Sketched above are three simple, stream-lined self-watering containers made from shock-resistant polystyrene. A reservoir of water lies at the bottom of the pot—above that is a layer of air which circulates through the potting soil above. Above the air is a grid which draws moisture and air through wicks, spreading it evenly over its surface so that the plant roots can draw in the water and air they need.

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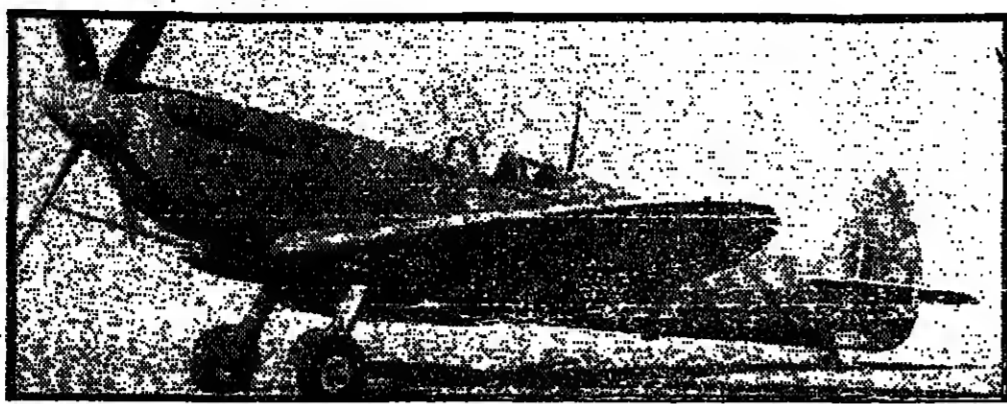
BY JANET MARSH

SHOULD YOU FANCY a World War II Supermarine Spitfire of your very own there is a chance to buy one on Monday week, in an auction to be held by Christie's, South Kensington at the Imperial War Museum's Duxford Airfield. The only snag is that the price is unlikely to be less than a quarter of a million pounds.

The last Spitfire Christie's sold, a Mark IX of 1943, realised £220,000. The one in next week's sale, the only recorded airworthy example of the Mark XI, was previously sold by Christie's in 1970 for £100,000. Since then it has been meticulously restored and is now in the hands of the Rolls-Royce chief test pilot.

Alongside the prehistoric rarities of the Wright and Blériot period, and such vintage machines as the First World War Sopwith Camel, the Spitfire is one of the great planes that every collector of historic aircraft dreams of owning. It was designed by R. J. Mitchell, put into production by the Supermarine Company in 1936, and with its slim body and distinctive elliptical wings was instantly recognised as a brilliant and revolutionary fighter design.

Christie's sale is at Duxford, for it was at this airfield that the first Spitfires were delivered to No 19 Squadron of the RAF. By the time of the Battle of Britain, 44 years ago this summer, 390 Spitfires were in service; and between 1942



and 1944 470 machines of the Mark XI model alone were to be supplied to the RAF.

The Mark XI was the ultimate development, stripped of every bit of surplus weight — even including the radio — to give maximum speed. Trials at Boscombe Down in 1943 recorded speeds in excess of 400 mph, and in high speed diving tests Mark XI approached the sound barrier, at more than 600 mph. The Spitfire remained in production for ten years, and in the opinion of most enthusiasts was never surpassed in design by any other piston-engine aircraft.

At present there are probably around a dozen airworthy Spitfires in private or public collections, with rather more grounded examples, many of which proudly guard the gates of RAF stations. The number of serviceable craft is always increasing however as private enthusiasts recondition them (one Londoner, for example, is currently at work on a Spitfire in his garage). Aviation

archaeologists also continue to salvage wrecks; though the War Graves Commission very properly prohibits disturbance of aircraft that were lost, still crowded, in bogs or rivers.

A decade or so ago, for example when the fleet assembled for the film *The Battle of Britain* was still possible to pick up a Spitfire for a mere £10,000 or so, and other types for considerably less.

Robert Brooks, who is in charge of Christie's aircraft sales, points out however that even today you need not pay a Spitfire prices to own your own aircraft. Though prices are certainly rising, it costs hardly more to buy and run a Tiger Moth than a Spitfire. In Christie's sale the various sports car. The craft itself will now cost about £13,000-£20,000, in favourable conditions it can do 15 miles to the gallon. Otherwise all you need is a handy airfield; and flying clubs are proliferating throughout the country.

Mr Brooks says that many

people now taking up flying are rediscovering the thrill of learning in a Tiger Moth, rather than in more modern trainers that offer "all the comforts of home". Introduced in the early thirties, the little Tiger Moth was used to train a whole generation of pilots, including most of those who fought the Battle of Britain.

Mr Brooks is a flier himself, and runs his own Tiger Moth. "It has no brakes and it can suddenly spin around on its tail if you're not careful," he says with a sense of relish at the possibility.

Other famous World War II planes have not survived so well. The Hawker Hurricane, for example, is much rarer than its comrade-in-arms, the Spitfire. The most vulnerable aircraft were those made largely of wood, like the Miles Magister, which ended up on RAF honours after the war. Bombers seem to have had less chance than fighters; there is no known airworthy example of the Wellington, the Fairey Battle, or the Gloucester Gladiator.

A warning on champagne

THERE IS A GOOD DEAL more sparkle in the air of Champagne than there was a year ago. Two huge vintages have lifted the stock figures well above the required three-year-sales minimum and sales are booming, particularly in the export field where the high dollar in relation to the franc has put the U.S. at the head of the list where it will almost certainly remain until the end of the year. Recovery has also taken place in the recently depressed Belgian and Italian markets, while if UK imports are at much the same level as last year (we were, after all, the world leaders, then) the total will exceed 10m bottles.

The French market is expanding again on a rather different level. Between them the 1982 and 1983 vintages produced a total equivalent to nearly 600m bottles (including the 100m blocked for release later) compared with sales in those years of not much over half that quantity. Not surprisingly, therefore, many of the small, financially hard-pressed merchants have been unloading their stocks onto the supermarket shelves at very low prices. Where the price of a non-vintage grande marque, such as Moët & Chandon or Bollinger, is around 60 to 70 francs a bottle, these lesser market prices may be retailed as low as 35 francs. There is also likely to be a good deal of this type of champagne floating about in the British market this autumn.

However, before you start forming here to buy up these low-price champagnes—mostly with little-known label names—their quality should be questioned. A non-vintage champagne can be sold within a vintage one a minimum of three years. However, all the leading houses expect to give their non-vintage wines an average of three years' bottle age. But some producers have been jumping the gun by bottling the new wines for their second sparkling fermentation within a month or two of the original vintage, instead of waiting until the following April or May as is traditional. In this way they have been able legally to market their bottles prior to the next Christmas and New Year.



WINE
EDMUND
PENNING-ROUSELL

The premature sale of these inexpensive champagnes has united the organisations of both growers and merchants, for they realise that champagne's success in a highly competitive sparkling wine world depends almost entirely on quality. As a result they have approached the French parliament with a regulation forbidding the bottling of the latest champagne vintage before the beginning of the year following that vintage. This has already been passed by the Chamber of Deputies and will meet no significant opposition in the Senate, for all French governments, regardless of political colour, are keenly alive to the importance of champagne as an export earner. The effect of this new regulation will be to debar barely one-year-old champagnes from being sold at the peak pre-Christmas and New Year sales season.

Meanwhile the grandes marques have yet to recover their wanted position on the French market, and this applies also to the growers who make (or have the local co-operative make) and market their own champagne, because with an average price of 45 to 50 francs a bottle, they are under-cut by the cut-price merchants.

Yet in recent years, "growers champagne" has represented about half the domestic market. The maisons (merchants) are relieved too at the result of the recent renewal of the growers' contracts for the supply of grapes, on which the former entirely depend, as they only own about 10 per cent of the total vineyard area. Owing to the increasing trend of growers to retain their grapes in order to make their own champagne, the proportion of the vineyard contracted to supply grapes has fallen from 52 per cent in 1975 to 46.5 per cent in 1982. Now for the first time this tendency has been reversed, and the proportion guaranteed for the next six vintages, subject to a possible minor revision half-way through, has risen to 47.5 per cent. Not much increase, and some merchants hoped that after the huge last two crops, growers might seek greater security in an assured sale for their grapes, yet it reverses the downward path, and the figure may increase slightly after the next vintage.

Nevertheless, the recent short period of high grape prices is over (they reached a maximum of 25.50 francs a kilo in 1980). Last year the top price was 15.53 francs, but as the permitted yield of pressed juice was reduced to contain price was 15.56 francs a kilo. With an average vintage—150-200m bottles—expected this year, the merchants are hoping for the same price again, though the growers may look for an additional franc. But the vintage prospects may well alter before a harvest that this year will be late. As the grape price represents two-thirds of production costs, this is a vital factor in the production of a bottle of fine quality champagne, whose price has remained stable since last year.

Yet champagne is undeniably expensive and efforts are always being made to contain costs. The latest of these, widely but somewhat exaggeratedly reported, concerns the removal of the dead yeast from the bottle through an extended period of shaking them into the cork. This takes an average of 40 days and is an expensive operation. When the yeasts are put into the bottle to

produce the secondary fermentation they are accompanied by what may be described as fish glue, which adheres to the yeast when they have done their work and together they are gradually drawn down the bottle. Otherwise a no-clear, "blue" champagne emerges.

For several years now Moët & Chandon, in collaboration with the laboratories of the Comité Interprofessionnel, have been experimenting with a sort of coagulated yeast inside a ball of this glue, which nevertheless allows the enzyme to the yeast to pass through it and transform the sugar in the wine into alcohol. Thereafter the remuage takes no longer than 10 days. Although this has proved initially successful at an experimental stage, there is a long way to go before production on a large scale is assured. First, because although the device may work at an early stage in the life of the wine, will the flavour be affected when it is five or ten years old? Secondly, industrial production has yet to be achieved. So the research team is looking something like six to ten years ahead, and even then, as with the once widely promoted automatic gyro-palette, it is unlikely to be the universal adopted panacea as has been suggested.

The gyro-palette, a sort of open-topped cage full of bottles that gyrates at varying angles, was hailed ten years ago as a great breakthrough. Not so much in saving money, for the equipment is very expensive, but in economising in cellar space, for the puppets in which the band remuage takes place occupy a great deal of room. Some houses, such as Taittinger and Piper-Heidsieck, have gone over totally to gyro-palletes and find them highly satisfactory, but although widely tested they are not used by many firms. The new "ball" device will also be a space saver, as the remuage time will be greatly shortened and the large capital cost of the gyro-palletes obviated. One has to wait and see how this new method works out. Of course, if it is successful it will be adopted for other sparkling wines made by the champagne method of fermentation in bottle.

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The fly by twilight

JULY PROVIDED some memorable evenings on the Test. After a baking hot day a breeze came over the sun and the glare left the water, to be replaced by a softer, almost incandescent light. This was late in the evening but it brought the fish to life and provided some exciting fishing in the hour or so of twilight before it became too dark to see the fly on the water.

There was more fly than I remember of late years: capers and sedge hovering just over the surface with a few either hatching or spent floating down and attracting the fish.

Not being an entomologist and with worsening eyesight, I am never able to identify correctly the various flies on the river. But try to match the shapes of the natural flies that I can spot with those in my box. These in general are various sizes of hatched pheasant tails, of which the essential factor seems to be a reasonably substantial body.



FISHING
JOHN CHERRINGTON

I prefer the rather larger fly mainly because they are easier to see on the water and because they are easier to tie on the cast. There is nothing more frustrating than struggling to thread the nylon through the eye of the hook in the twilight while the fish are going like mad around you.

My first evening started quite well. The pool below the bridge was for a change free of the bread with which it is bombarded by people seeking to dump their spare supplies on the ducks. I could see a big fish rising out of reach right under the bridge, but there was a small movement in the current below him. As soon as I overcame the fear enough to present the fly naturally, he took it and was in the bag.

Then, following information that two six-pounders were haunting the outlet from the stew, I moved to the spot only to find the river bare and blank to the foot of the beat. A raft of weed had gathered in some slack water at the edge of the current and several fish were appearing there to snatch at flies going downstream.

I landed two, but the best took me downstream below the bridge and I could not follow him. I had to put pressure on and the hook came adrift.

I was trying to copy a technique I had seen used by a Scottish Ghillie who, when he could no longer allow a salmon to go further downstream, put the rod over his shoulder and walked the fish back upstream as if it were a dog on a lead. This does work as long as you don't let the fish turn round, and I have secured several from under bridges by this means, but I am not yet an expert.

On my way back to the road I passed the haunt of the six-pounders and saw a good dimple in the water just as would be made by a lazy big fish. He was easy in catch, but weighed only 2 lbs once on the bank. The big ones have either been taken or perhaps they never existed.

exposed and his bishop out of play, while Black's pieces home in for the decisive attack. Objectively White is lost—but the puzzle is to find his trap which, against a natural black reply, turned the tables.

The winner is aged 12, already senior champion of Cornwall, and the latest in the tradition of British chess prodigies.

Problem No. 527
BLACK (5 men)
Position No. 527
BLACK (10 men)
WHITE (9 men)
While mates in two moves, against any defence (by C. Mansel, British Chess Magazine 1922). The half-paen theme, here White's rook and Black's king on the same file, was a speciality of Britain's best computer.

Solutions Page 10

SPORT

Star-spangled manners

HOW ARE the Los Angeles Olympics progressing? At half-way, the verdict must be that the Games themselves are displaying surprising robustness, but that the absence of the Russians, and most of their allies, is producing a stream of results that is tediously lopsided.

In addition, the International Olympic Committee (IOC) has issued what local officials call a "formal" complaint against the partisan coverage of the American Broadcasting Company (ABC) (a protest that many athletes and observers feel is justified, and is a smack on the nose for American broadcasters).

To date, the Games have proved an outstanding showcase for American muscle and sports know-how. Without a doubt, American sports fans are getting a bang for their buck.

But the playing of the American anthem, and hoisting of the American flag, have become hackneyed in their repetitive victories they celebrate are accompanied by a howling and a hollering that would have made the mob in Nero's Colosseum seem fastidious in their restraint.

A vision of loveliness the American sports fan is not. He has to watch blood arrives festooned in stars and stripes and sits belching in the sun.

At some of the more obscure Olympic venues, the total tonnage of the American sports fan's ignorance is something to behold—rivaled only by the nonsensical frenzy of some of the commentators of the ABC, who psyche and flagellate themselves into such a lather of overkill at the merest scent of an American victory that the distinction between programming and puffery becomes so finely etched as to be rendered invisible.

But let it be admitted that many U.S. performances have been first-rate, and would have been rewarded by gold, whether the Russians were here or not. Medically, the emergence of U.S. gymnasts as forces to be reckoned with is something to be applauded.

Nevertheless, the first week's lopsidedness—particularly in swimming—has shown just how



Michael Thompson
Noel reports from

sorely the boycotters are missed.

Entering yesterday the U.S. had won 22 gold medals, 12 silver, three bronze, for a total of 37. China—thank heavens—had won seven gold, and West Germany and Canada four apiece. The U.S. had won one gold less than the next five challengers (China, Germany, Canada, Italy and Japan combined). Britain's effort, so far, has raised lameness to an art form. By nicholl, on Thursday, Britain had won one gold medal—that of Malcolm Campbell, in smallbore rifle, three positions.

In spite of the U.S. medal haul, a note of irritation enters proceedings whenever a U.S. athlete or team is rebuffed. Consider the tone and construction of this excerpt from yesterday's page 3 medal roundup in the 44-page Olympic section of the Los Angeles Times. The roundup was compiled from wire services.

"U.S. swimmers won three more gold medals Thursday," it reported, "but Japan thwarted the hopes of the American men for a second gold in gymnastics when Koji Gushiken won the all-around event... Also in Day V: An American, who had battled Hodekin's disease, won the super-heavyweight gold medal in wrestling... The United States Olympic team's cycling team remained undefeated in women's basketball, men's volleyball, boxing and water polo, but got a tie in soccer and lost in men's team handball and men's field hockey."

And back with the losers...

WHO IS responsible for England's disastrous cricket performance against West Indies? I can think of three reasons why we're going to the final Test at the Oval in two weeks time facing a whitewash—two Tests lost by an innings and the other two won comfortably by the tourists.

First of all, there is an almost total lack of international-class bowlers in county cricket at present. So pretty ordinary batsmen get high scores, create a false impression of their ability and are considered for Test places.

Then there is the Test and County Cricket Board's ban on the players who went to South Africa—Graham Gooch is one who cries out for that vital batting spot which can make all the difference in a Test match.

Then again, although the three-year ban was overlong, in my opinion, the West Indies would have won even if the banned players had been available—but not so easily.

Third, we come to the selectors, who must accept much responsibility. There are a few decisions, since Peter May became chairman, which might be questioned.

Why were three offspinners taken in Australia, while Plescott, who was never in the team, was picked for the recent Old Trafford Test, presumably because they thought him to be the best?

I have forgotten the number of opening batsmen employed in this period, but it runs well into double figures. Using Tavare in this position has put back the career of a most promising run-accumulator.

Gower first led England at Lord's against Pakistan when the selectors made his job even more difficult, by choosing an attack which was unbalanced because he could change his bowlers but not the bowling.

While on captaincy, it seemed a mistake to sack Fletcher, probably the best county skipper, on the evidence of a disappointing tour to India, without giving him an opportunity in England. It was interesting that the record of his successor Willis was no more successful overseas. When looking for a long-term England captain, there must be doubts as to the wisdom of starting his reign with a series he is bound to lose. Deposed captains tend to be scarred. Ian Botham is a glaring example.

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The immediate outlook is indeed grim, and calls for some drastic rethinking as we ponder to have gone backwards rather than forward since Peter May became chairman of selectors. At the same time, nobody

should be too surprised that the West Indies won. After all, we lost a series for the first time ever to both New Zealand and Pakistan last winter, and in the previous one, Australia exposed our lack of players of international calibre. The disappointing feature has been losing but the abject we have surrendered.

The tourists undeniably possess an outstanding, an experienced team, containing a genius, Richards, two great players, Lloyd and Greenidge, at least two century Test class batsmen, Haynes and Gomes, a formidable four-pace attack, including Garner, probably the best bowler in the world, and Marshall, the fastest of a spin, off-spinner, and highly talented batsman-keeper.

This line-up is supported by brilliant fielding and admirable directed by Clive Lloyd. In sharp contrast the England team must surely have been the weakest ever in the country. This makes a comparison between the tourists and Frank Worrell's 1962 team difficult, because the present West Indies have nothing much in hand, as was perhaps illustrated by the way they dealt with our insipid home ing.

West led the heart seven covered by dummy's Knave. East played the six, a declarer followed with the to a cunning false card, design to make West believe that I had started with King, the doubleton.

Trusting his partner rather than his opponent, West led the seven of spades. East with the Ace, and returned four of hearts to put the contract three down.

Good partnership, co-operation and intelligent reasoning

CHESS

LEONARD BARDEN

FOR MOST older players, the true chess heroes are not Karpov, Kasparov and the top of the current Elo list, but the grandmasters of their own youth. If you learnt your game in the 1920s and 1930s then Alekhine, Capablanca and Lasker remain the legends; if you were active around 1960 the evocative names are Bronstein and Keres at their brilliant best, and the restless energy of the young Tal and Fischer.

Contemporary literature caters badly for such throwaway memories, and some theoretical books, conveying the impression that serious analysis only began with the launch of Chess Informant in the 1960s.

One recommended book if you like to invoke past glories is *A Picture History of Chess* by Fred Wilson (Constable, Dover, 26.75). It contains no games or diagrams, but its text is entirely related to a selection of nearly 300 illustrations of important moments and players. Almost every principal master

of the centuries from Philidor to Karpov is covered. The rare photos range from Reshevsky's first international tournament as an 11-year-old to Capablanca at his elegant peak. Lasker during his world title matches, and Fidel Castro arguing with Bobby Fischer. Facsimile scoreboards of Capablanca and Lasker reveal that both had a clear, copperplate script and that both used descriptive rather than algebraic notation. Lasker appears in some 20 photos.

Also recommended for those a la recherche du temps perdu is the unusual bi-monthly journal *Chess Notes* (bound volumes for 1982 and 1983 each £5 from H. Winter, 15 rue Goetz-Mooin, CH-1205 Geneva, Switzerland). *Chess Notes* specialises in: offset items, mainly though not exclusively about past greats, and encourages active contributions from subscribers. Its book reviews are considered and penetrating, while recent subjects debated in its columns include the Wallace murder case, whether Schlechter needed to beat Lasker by two points, how many U.S. books were ghosted by Fred Reinfield, and Batsford editorial policy.

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1. P-K4, P-K4; 2. N-KB3, N-QB3; 3. B-N5, B-PB3; Q-B3; 5. 0-0 (tame); the critical reply to Black's rare defence is 5. P-Q4. P-K4; 6. P-K51, K-N-K2; 7. P-Q3, P-KR3; 7. B-K3, B-N3; 8. P-Q4, 0-0; 9. P-Q5, N-Q1; 10. B-K2, P-Q3; 11. Q-N-Q2, N-N3; 12. N-B4, BxR; 13. PxB (the fight is for White's R-B4 square, and Alekhine's opponent puts up a hard resistance), Q-K2; 14. N(B4)-Q2, P-KB4; 15. PxB, BxP; 16. Q-K1, P-B3; 17. P-B4, N-B2; 18. Q-N3, Q-RB1; 19. Q-RB1, N(B2)-R1! (in the style of Nimzovitch, and a far-seeing regroup. Twenty moves later this knight leads the final attack); 20. P-KR4, Q-QB2; 21. P-R5, N-K2; 22. P-K4, B-Q2; 23. P-N3, R-B5!

Alekhine wins the strategic battle. This KB5 square is the pivot for the following attack.

24. P-R4, Q-R4; 25. Q-K1, N-B2; 26. N-B2, Q-Q4 ch; 27. K-B1, P-P3; 28. RxR, P-R3; 29. K-P3, NxP; 30. B-B3, N-K3; 31. BxP, R-K1; 32. Q-B2, N-K3; 33. B-K4, B-KB1; 34. R-K1, B-B3; 35. BxR, QxB; 36. Q-K2, R-B4; 37. N(Q2)-B1, NxN!

Decisive: Alekhine had to foresee all the rest of the game. 38. QxN, P-B6; 39. N-PxN, 40. N-N3, R-B5; 41. R-K4, RxR; 42. Resigns. For if 42. QxN, R-R5 ch; 43. R-N2, R-R7 ch wins the queen.

M. Adams v. I. Thompson, West of England championship 1984. White (to move) is a pawn down with his king exposed and his bishop out of play, while Black's pieces home in for the decisive attack. Objectively White is lost—but the puzzle is to find his trap which, against a natural black reply, turned the tables.

The winner is aged 12, already senior champion of Cornwall, and the latest in the tradition of British chess prodigies.

Problem No. 527
BLACK (5 men)
Position No. 527
BLACK (10 men)
WHITE (9 men)
While mates in two moves, against any defence (by C. Mansel, British Chess Magazine 1922). The half-paen theme, here White's rook and Black's king on the same file, was a speciality of Britain's best computer.

Problem No. 527
BLACK (5 men)
Position No. 527
BLACK (10 men)
WHITE (9 men)
While mates in two moves, against any defence (by C. Mansel, British Chess Magazine 1922). The half-paen theme, here White's rook and Black's king on the same file, was a speciality of Britain's best computer.

Problem No. 527
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Position No. 527
BLACK (10 men)
WHITE (9 men)
While mates in two moves, against any defence (by C. Mansel, British Chess Magazine 1922). The half-paen theme, here White's rook and Black's king on the same file, was a speciality of Britain's best computer.

Solutions Page 10

BRIDGE

E. P. C. COTTER

MY TWO EXAMPLE hands today are object lessons of expert play. In the first hand the declarer showed great skill in making his little slam contract.

♠ A J 7 4
♥ Q 8 6 4
♦ A 5 3
♣ S

Saturday August 4 1984

The bulls take over—for now

EXACTLY two years ago, in August 1982, the world's stock markets took off on one of the most spectacular rallies in financial history. Then, as now, investors everywhere took their cue from Wall Street, where interest rates had suddenly begun a precipitous fall. Then, as now, the sudden triumph of bullish sentiment followed immediately upon a period of intense gloom, when the bears reigned almost unchallenged, particularly in the U.S. bond market. In the summer of 1982, most leading economists were as convinced as they were two years ago that the trend in U.S. interest rates was flat at best, that the mounting budget deficits presented an insurmountable obstacle to investor confidence and that the imbalance in American policy left little scope for decisive improvements in the rest of the world.

It is understandable, then, that brokers from Singapore to Toronto were tempted to echo the cry of one Wall Street dealer on Thursday, as he watched the Dow Jones Industrial Average soar 31.47 points, an all-time record trading volume: "It's a new August."

Crucial difference

The most crucial difference between the two months of August can be stated simply. August 1982 came just before the bottom of a worldwide business cycle; today the business cycle is well into its upswing and the questions are not about whether an economic recovery is possible, but about what kind of recovery it is and how long it can continue.

These issues look very different depending on whether the recovery is in America or Europe. For the U.S., the challenge now is to slow the growth of output and employment to a moderate pace without relaxing into stagnation or precipitating a financial crisis. In Europe, including Britain, the problem is how to maintain or even accelerate the current pace of economic progress.

In the ideal world of textbook economics, both sets of problems would have been resolved already without too much difficulty. The U.S. Government would by now have in place a set of tax and spending mea-

sures designed to close the budget deficit and let up on the fiscal stimulus as the economy approaches the inflationary danger zone of 7 per cent unemployment and 85 per cent capacity utilisation. Some of the European governments which have been most successful in conquering inflationary expectations and defeating the wage-push tendencies in their labour markets would meanwhile be preparing to relieve some of the fiscal or monetary pressures on their economies; domestic demand would take over as the growth of exports to the U.S. and its satellite economies slowed down.

Wage inflation

In reality, however, neither side of the Atlantic is willing, or able, to play its part in the stabilisation efforts which a return to strong and balanced worldwide growth will probably require. The problems in European labour markets are of a long-term nature. Not only do the strongest governments feel confident that the tide of rising real wages, intensifying union militancy and growing public spending has been reversed. They are not prepared to take the risk of relaxing the present macroeconomic constraints, and probably will not do so in the near future. This is why all eyes still turn to the U.S., as they did two years ago. This time however the prospects are less encouraging.

The markets have taken heart because they detect tentative signs that the U.S. economy is slowing without the need for even more interest rate pressure from the Federal Reserve. But the statistics which have attracted attention so far are notoriously volatile and misleading on a month-by-month basis. Yesterday's unemployment figures, for example, showed an unexpected jump from 7.1 to 7.5 per cent, and gave even more impetus to the Wall Street rally. But on closer inspection, more ominous indications were buried in the fine print of the employment releases: the growth of hourly earnings in June and July provided the first major indication that U.S. wage inflation is creeping up.

But there is much more serious uncertainty facing the world's financial markets than mere statistical aberrations. The U.S. economy may indeed be slowing down. But if it does slow—and then takes Europe by it—can a world economic pause be prevented from turning into an all-out recession, with grave consequences for international debt, European unemployment and U.S. budget deficits? If it cannot, the markets may find themselves pining nostalgically for the past few months of unsustainable U.S. growth.

TIME WAS when businessmen and women went out to clinch deals armed only with their wits and a fountain pen.

Now the young Turks of the information revolution can, if they wish, take on the world festooned with electronic gadgetry like a Christmas tree. "We don't like the word 'gadgets'," said a salesman stiltily. "We prefer to call them business tools."

Tools or gadgets, all the devices featured here share two common attributes. Microelectronic circuitry is the secret of their small size, light weight and low cost. Also, all are concerned with the gathering, storage, manipulation and dissemination of business information.

And, with a sympathetic nod in the direction of the still-petulant salesman, they are all pieces of equipment which do what is claimed for them.

But caveat emptor: there is an inbuilt rule for the successful acquisition of electronic business machines and it is this: First, identify the real need. Second, see if it can be satisfied using traditional methods. Third, and only then, look for an electronic solution.

There is a rider to this rule: one caveat at a time. Anybody investing in all the portable equipment shown here would need the strength of an Olympic weightlifter and an Einstein-like mind to cope with all the instructions and modes of operation.

Nothing too complicated about the humble pocket calculator (A), one might argue, but one would be wrong. The real businessman needs a financial model, capable of being programmed to work out compound interest and amortisation schedules, U.S. bond calculations and flexible cash flow analysis.

The model illustrated is the Hewlett-Packard 12C (594), a top-of-the-line financial calculator from a company which made its name in high quality products for the specialist. The 12C has 39 keys, most of which have two or more functions. It operates by computer logic—Reverse Polish Notation as it

used to be called. So 2 x 3 does not equal 6, but 2 ENTER 3 x does.

The 12C slips into an inside pocket—the instruction book is the size of a substantial paperback.

But no matter how complex, there are limits to the power of a pocket calculator; the well-equipped businessman needs a portable or "lap" computer for his briefcase.

This is (B), the Eoson PX-8, a light, low-cost (£798) machine with its own large liquid crystal display, so obviating the need to plug into the hotel television set. It has a novel feature, industry standard software packages—including the most popular word-processing package, "Word Star," and the most popular electronic spreadsheet, "Visicalc"—are supplied as cartridges to be plugged into



A fully-equipped office: the gadgets are identified in the text

the underside of the computer. Just like video game cartridges, it can function as the world's most expensive alarm clock or desk diary, but one of its most interesting uses is as a mobile mail box for Telecom Gold, British Telecom's electronic mail service (other portable computers, from the Tandy TRS100 to the exquisitely expensive Grid Compass, work just as well; there are other commercial electronic mail services such as Intel's Comnet).

"Letters" delivered through electronic mail are stored in the memory of a big computer until the recipient is ready to receive them. He or she connects a microcomputer (the mailbox) to the main computer (the poste restante) over the public telephone network. A modem (C), a device which translates computer language into signals which can be transmitted over the telephone line, is essential.

For the executive on the road, the type called an acoustic coupler (Tandy Corporation, £279.95, inc VAT) makes it possible to connect the computer to the telephone network through an ordinary handset. Gold costs £100 for the first month with unlimited usage, £10 minimum a month thereafter. Line charge is 10.5p a minute.

Both computer and modem are battery powered so a portable battery charger (about £8) able to provide a variety of voltages is another must for the executive briefcase.

Convenience is the best feature of electronic mail—

messages can be received and sent anywhere in the world at the convenience of the customer; it's a sort of bespoke telex service.

But it has its disadvantages. Ian MacNaught-Davis, presenter of the BBC's computer literacy programmes, carried a Tandy TRS100 portable computer around the U.S. with him while working on the "Electronic Office." He has little good to say for the art of juggling computer and modem in a public telephone booth for the amusement of the American public: "What is needed is the ability to telephone the electronic mail system. A synthetic voice would read out a summary of your mail and by issuing verbal commands, it would be possible to hear particular messages and dictate replies."

Public telephone boxes, of course, may be scarce or vandalised. The executive on the move knows that information is money and cannot take chances. So space must be found in the briefcase for a portable radio telephone (D). Approved by British Telecom and manufactured by Marconi, this model has been adapted by Carphone Consultants to take power from the cigarette lighter socket of any car or boat. It costs £2,965 excluding VAT.

What about the urgent message from head office which simply cannot wait until the executive embarks and plugs his or her radiotelephone into a convenient cigarette lighter socket?

The answer (E) is a text pager. This device, manufac-

tured by Motorola and distributed in the UK by Aircell (£29 a month for the service), is a far cry from the simple beepers of yesterday.

Not only does the text pager alert the executive to the fact that somebody wants to contact him urgently, it flashes the essential burden of the message, silently and discreetly across a tiny liquid crystal display. Of course, it is entirely possible that the sender might

Switching off needs a whole chapter

omit to include his telephone number as part of the message. In the old days, the executive would be forced to resort to a much-thumbed and indecipherable address book.

The modern electronic officer uses the Organiser (F), a pocket memorandum and computer from Eslon (£99.95). This little device can store over 200 names and addresses in each of its memory modules. Tiny cartridges which plug into the back of the machine.

There are memory modules (£29.95 each) with special programs built in for science, mathematics and finance so if the batteries on your HP 12C are flat and assuming you haven't forgotten to pack a handful of the right modules in your briefcase along with the computer, the radiotelephone and so on, cash flow, deprecia-

tion, bonds and equities are all at your fingertips using the Organiser.

It is, however, the only pocket computer which devotes a whole chapter in the instruction book to "switching off." It works just like a computer, you see; you tell it what you want it to do first, and then you tell it to do it.

Furthermore, the tiny keyboard is laid out alphabetically rather than QWERTY-fashion which can reduce experienced computer hands to pick-and-peek amateurs at a stroke.

That's a mere local difficulty, however, compared with coming to terms with the Microwriter (G), a miniature word processing device invented in the late 1970s and which has enjoyed a popularity ever since. It costs £299 plus VAT.

A small box which fits easily into a briefcase (assuming all the space has not already been taken up with the personal computer, radiotelephone, acoustic coupler and so on), it is an electronic version of the court reporters' stenographic machine.

Individual letters are formed by fingering various combinations of the six keys with the right hand; the words written can be viewed on a small liquid crystal display and stored, up to 1,500 of them, in the machine's memory.

The concept is of a portable typewriter, which can be used anywhere by anyone with the patience to learn the fingering.

A printer is needed to make the Microwriter do anything useful. This one (N) is the Eoson FX-80 (£439 plus VAT) which IBM sells under its own label alongside its desktop Personal Computer.

Many executives refuse to learn conventional typewriting skills, let alone Microwriting. For them, the answer is the dictating machine (H). There is a whole range of miniature pocket machines costing between £40 and £200 from such companies as Alva, Philips, Sony, Olympus and Panasonic, some of them specially adapted to give more than four hours' recording time on one side of a conventional C120 cassette.

An innovation available from the security consultants Communications Control Systems is an extension preamplifier and microphone built into a wristwatch. CCS claims it cuts out background noise and makes possible verbal notetaking even while driving. The Alva recorder and wrist gadgetry cost £650 plus VAT.

It also makes possible covert recording of business conversations. Our electronic executive, while fighting shy of any such chivalrous practice himself, will want protection against less scrupulous operators. For £3,750 plus VAT, CCS can supply him with the RBD 007 (I): "an ordinary looking wristwatch that detects not only radio transmitters but also tape recorders."

Two tiny lights on the face of the watch alert the businessman to threats to the privacy of his negotiations. Fanciful and unnecessary? Not according to John Wingfield, security consultant and author of *Bugging*: "One thing is certain: Wits, alas, are priceless."

at the moment you read this there will be hundreds and thousands of bugs and wire-taps in use all over the world of which the victims are totally unaware. You could be one of them."

Some businessmen scribble notes in ballpoint pen on the backs of their hands—others invest \$193.50 the VAT in a Seiko Data-2000 wristwatch. (Three wrist-watches worn at the same time? Well, it's a small price to pay for all that information at the fingertips.)

The Data 2000 (J) has all the flashy functions found on expensive digital watches and in addition the capacity to store and recall 2,000 characters of text. It does require an additional alphanumeric keyboard for putting in the data but, as Seiko says: "This is small enough to put in a shirt pocket or woman's clutch bag."

This leaves our executive only with a £99.95 Sinclair miniature television (K) with which to keep up with world news on his travels and the instruction manuals necessary to maintain the illusion that all these gadgets are merely extensions of his or her brain and senses.

Imagine the expression of pure executive relief as our weary traveller returns to his office, takes off his watches,

Protection against those less scrupulous...

relieves his pockets of electronic trinkets, empties his briefcase of personal computer, modem, radiotelephone and retreats to the sanctuary of his desk, cluttered only with... a Slazko 16-bit dual floppy disk multifunction (£2,825). Brother (M) letter quality printer (£750 plus VAT). Lotus Symphony (O) integrated software package featuring spreadsheet, word processor, graphics, file management and so on (£550), and a Northern Telecom Displayphone (P) (British Telecom approved, £1,380 plus VAT).

Eventually, of course, it should be possible to compress all these devices into a single instrument—the electronic equivalent of the fountain pen—able to send and receive messages, process data and so on.

One U.S. Company, ADP, is already selling a financial service "Trendsetter" which executives in the U.S. can have sent directly to their desk computers by satellite.

The signal is received on a 18-inch replica of the big dish at Goughly Down mounted on their desk top. Since scientists are already tracking polar bears by mounting dish aerials on harnesses around their necks, perhaps personal dishes for business people on the move are not so far fetched.

For those "traditionalists" who can't abide the computer, shun the satellite and whose at word processing there is always the fountain pen—Parker sells a nice one for £25 if £1,700 for the top-of-the-line. Premier model seems a bit steep. Wits, alas, are priceless.

Just a little difference

From the Chief UK Economist, Guy and Coles

Sir—Estimates made by our sector and other brokers on the costs of the miners' strike appear to differ from those quoted by Mr Lawson (August 1). It is perhaps useful to discuss the differences between our figures and the Treasury's. Some speculation is necessary because the official figures have not yet been published in full detail.

Our initial analysis of the full accounting costs of the strike (June 1st) does not seem to have been seriously challenged by other independent estimates. Approximate accounting costs of £200m per week are made up as follows: NCB losses £20m; CEGB costs for extra oil burn £20m; lost taxes, policing costs and steel and rail losses £10m. Furthermore, these figures appear to have been broadly confirmed, as far as we can judge, by the industries themselves. As we pointed out at the time, however (and this has been omitted from most news reports recently), not all of these costs have been incurred in cash terms, and it is possible that the Chancellor is referring only to the cash losses already incurred.

The most obvious cash saving during the strike has been the coal stock run-down, which has probably saved the electricity industry about £270m of cash expenditure, or about £13m per week. This, however, is not enough to explain the difference between the Chancellor's figure of a total cost of £20m per week and the generally-accepted outside figure of £60m. I am at a loss to explain this difference, but I would be happy to guess it would be this: the Coal Board's investment programme may have been delayed by the strike, and this could also be classified as a temporary cash saving for the industry. This may be enough to explain much of the residual difference between the Chancellor's figures and ours.

In the long-term, both of these latter cash savings will probably be offset—by a catch-up in the investment programme, and by a partial coal stock re-build. The cash cost of the dispute would then rise towards our estimate of the full cost. In addition, potentially expensive repairs to many damaged pits may also need to be paid for.

All in all, the eventual cost seems to me likely to exceed £20m per week in elapsed strike time, perhaps by quite a wide margin. But I should add that this arithmetic conclusion carries no logical implications whatever about whether the Government should make further concessions to the striking miners. Nor does it imply that the PSBR will necessarily overshoot the £71bn target for 1984-85. The contingency reserve was designed for precisely this type of contingency.

Gavin Davies
1, London Wall Buildings, EC2.

VAT bad for exports

From Mr E. Knight

Sir—Mr D. G. Attwood (July 24) is quite right to point out that the abolition of postponed accounting for VAT increases the costs of businesses whose export earnings arise from processing temporarily imported goods; and that the application to VAT of a system similar to Customs duty which is afforded by the inward processing provisions and Regulation 8 confines the relief for goods temporarily imported to importations by a person who is not registered for VAT.

Should not the Chancellor be reminded that our country's ability to earn its living in the world depends in part on its success in exporting at competitive prices products which have been made from imported materials? F. A. Knight, 40 Park Avenue North, Harpenden, Herts.

The amending VAT regulations, recently published as S.I.1984 No. 829, provide as follows (I quote from the explanatory note): Regulation 5 extends VAT from the relief from Customs duty which is afforded by the inward processing provisions and Regulation 8 confines the relief for goods temporarily imported to importations by a person who is not registered for VAT.

Each of the arguments would apply (if they apply at all) under a bank rate system, but only the first of them carries real force. The notion that the increase in three months (and longer) money-market rates reflected anything fundamental in the demand for credit is nonsense. It reflected nothing more than the prevailing market view that short rates would rise. Since the authorities have ultimate control over short rates, this amounted to the view, since proved correct, that the authorities would eventually have to sanction higher interest rates.

The consequences for money supply of the Bank opposing

their old level. If the Bank had chosen to wrestle with the market over the level of rates, this would have involved the injection of cash into the system, perhaps in substantial amounts, which would certainly have increased M0, and possibly £M3. In undertaking such action the authorities would be opposing the pull of market forces.

What arguments stood against these authorities adopting one or both of these options in the recent crisis? The authorities would have had to accept the consequences for sterling of maintaining interest rates at

Land value tax

From Mr J. Hatherley

Sir—Between the anniversary of the death of Adam Smith—July 17, 1790—and the conference of the International Union for Land Value Taxation in Cambridge last week seemed an appropriate time to review at least part of our system of taxation.

"Wat Tyler's heirs hit back" (June 16) indicated confusion, and bias towards the wealthy, contrary to Adam Smith's acclaimed maxims. The tax he preferred was one on the "rent" of land, i.e., its earning capacity.

Land cannot be hidden. Its value, shorn of buildings, is known to every valuer in its locality. Since its value arises from the needs and work of the community (some, e.g., roads, provided from taxation), it seems only equitable that much of that value should be

recounted to the community (instead of, as at present, flowing largely into the accounts of wealthy institutions and speculators). Unlike most taxes, a land tax increases supply in times of normal economic health, since no one wants to hold an income-draining asset which is not paying for itself.

People from the southern hemisphere, N. America, Denmark and UK, knowing such taxation applied, would smile at misconceptions: "the pensioner widow would suffer" (her rebate would continue); "America has more land" (land value arises from community effort, universally; with it the moral question: who should have the increase?); "our planning laws and development tax are in conflict with land taxation" (should any laws block better ones?).

John Hatherley, 16, Brighton Road, Coulsdon, Surrey.

Your obedient servant

From Mr G. Speed

Sir—I find it very sad to read of the reputation that bank managers are allegedly acquiring for themselves (Mr T. H. Ezer, July 24). While noting that his article may well be generalising from too few instances, I nevertheless feel that some protest should be made.

Having been brought up on the old maxim addressed to the staff of one of our major banks: "You are servants of the bank and of the public" it has always been my policy—which I have endeavoured to pass on to trainees—that a bank manager must always give disinterested, impartial advice; which is not of course to say that customers should not be encouraged to seek more specialised professional advice where appropriate.

G. R. Speed, High Trees, Oldhill Wood, Studham, Bedfordshire.

Letters to the Editor

Bringing about the appropriate configuration of interest rates

From the Chief Economist, Capel-Cure Myers

Sir—In the Lombard column of July 16 Samuel Brittan drew attention to the authorities' apparent lack of control over interest rates during the recent sterling "crisis." He suggested that, short of introducing a system of discretionary control of monetary base, it would be best to return to a system of Bank Rate (or MLR), as operated before its suspension in August 1981.

I sympathise with Mr Brittan's concern over the apparently pivotal role played by banks and inter-bank dealers in the decision as to whether interest rates should go up, but I do not think he has identified the nub of the problem. It does not matter whether the Bank operates a bank rate, MLR or (as now) an intervention rate system, as long as it is prepared to act in the money markets to bring about the configuration of rates deemed appropriate by

the authorities. If the old MLR system had been in place during the recent crisis the same conditions could have obtained. Three-month rates could have risen well above base rates (and MLR) levels, just as they did two weeks ago, eventually forcing an increase in base rates (and MLR).

The authorities would have two related ways to prevent this: (i) to leave the market with a surplus of liquidity, thus bringing down ultra-short rates, and hoping to influence longer money rates; (ii) to deal aggressively in longer instruments (eg three-month bills) with a view to achieving whatever three months rate the authorities desire. But both these options are available under the current system.

What arguments stood against these authorities adopting one or both of these options in the recent crisis? The authorities would have had to accept the consequences for sterling of maintaining interest rates at

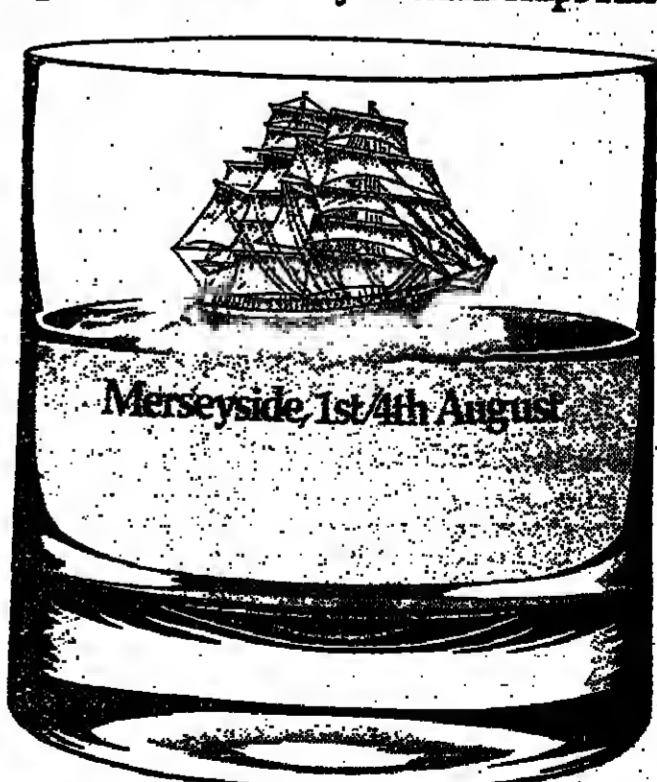
their old level. If the Bank had chosen to wrestle with the market over the level of rates, this would have involved the injection of cash into the system, perhaps in substantial amounts, which would certainly have increased M0, and possibly £M3. In undertaking such action the authorities would be opposing the pull of market forces.

Each of the arguments would apply (if they apply at all) under a bank rate system, but only the first of them carries real force. The notion that the increase in three months (and longer) money-market rates reflected anything fundamental in the demand for credit is nonsense. It reflected nothing more than the prevailing market view that short rates would rise. Since the authorities have ultimate control over short rates, this amounted to the view, since proved correct, that the authorities would eventually have to sanction higher interest rates.

The consequences for money supply of the Bank opposing

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1981

Neil Kinnock's first parliamentary session as party leader has had mixed reviews. Here he tells Margaret van Hattem why he thinks Labour can and should win the next election

With a little help from the Tories...

"I HOPE Margaret Thatcher will be there until the next election. Those factors perceived as her strengths in 1982/83 are increasingly seen as her weaknesses — hers and those of the Tory Party."

Neil Kinnock, looking ahead from his first parliamentary session as Labour leader, concedes that the party will need a little help from the Tories if it is to win the next election. Indeed, at this stage he is prepared to allow that as much as 50 per cent of a Labour victory may depend on Tory failings. He does not think they will let him down.

"My father used to say that there's no shortage of intelligence in this country, but there's a shortage of common sense. And that's the greatest failing. She's bunkered herself in, so that it's no longer possible for her to use common sense responses. Anyone who can compare the miners to Galtieri's troops."

As he sees it, the coal dispute typifies the Government's isolation and inability to see what is going on. "The miners may be wrong — but they are not unreasonable. They are simply reacting to a situation created and fostered by the Government; and their tactics are a

No shortage of intelligence, but of common sense

mirror image of those of Mrs Thatcher and her supporters in their insistence that they are "fighting to win."

"Some people in the Government understand this — Tom King, so does Willie Whitelaw. But the Government as a whole doesn't. He [Kinnock] knows Mrs Thatcher's supporters to a mass picket; as potent, and in its way as aggressive, as that mounted by the NUM. It's an amorphous, distributed. It doesn't look ugly from the outside because it appears in newspapers rather than outside factory gates."

It is Mrs Thatcher, not the miners, who benefits from the violence, he insists. "It's the only thing providing her with relief from criticism. She can refuse to acknowledge."

always draw attention to the violence."

He points out that the British trade union movement differs from many of its European counterparts in that it has never resorted to systematic violence. "They know that public support is alienated by violence. They know that that's what being British means."

The trade unions, he suggests, have been forced on to the defensive because of the Thatcher Government's antagonism. The result is a creeping conservatism, based on fear. It shows up as an inflexible commitment to outdated work practices that are inimical to industrial regeneration.

"What do you think the docks strike was about? Those who have got jobs now are concerned mainly to hang on to them. Once they have recovered from the first shock—the feeling of the last four or five years that no one was safe—they become even more wedded to conservative job practices, to the idea of hanging on to their jobs."

It is this fear, not the effects of intimidation that lies at the heart of the coal dispute, he insists. Until Cortonwood, miners had some confidence in the procedures laid down to the Plan for Coal—procedures that assured them of choices, options, and of time to consider them. (Cortonwood was the Yorkshire pit the NCB announced it was closing, thus triggering the strike.)

"There was a basic reassurance, and that was why Arthur Scargill lost his first three strike ballots. All that went on the window with Cortonwood, that reassurance was taken away and all Scargill's prophecies came true. It went through the coalfields like wildfire."

What the miners, including Arthur Scargill, are fighting for, according to Mr Kinnock, is the restoration of those procedures. In this context, the use of trade union legislation—as in the £50,000 fine imposed on the South Wales miners—is "a big stick of dynamite." The courts will have their way, and he implies it is right that they should: "the only way to change the law is to win an election and repeal it." This, he promises, a Labour government will do.

In the meantime, he adds, "if Margaret Thatcher keeps on



saying the things she is saying, Arthur Scargill, Peter Hain, and Mick McGahey can all knock off for their holidays."

If the miners' strike illustrates the Prime Minister's inability to comprehend the defensiveness of the union movement, it also, he suggests, shows her inability to understand the "root problem" of the British economy which he diagnoses as lack of capital investment. This, it emerges, is the ground on which he plans to fight the next election. And he intends to ensure that the party keeps to this ground, even if it means fighting those who will want to campaign on a wider front.

"We will have to be very selective about our priorities. Priorities means just that. If you can have four, you can't

have 15." Labour's priorities will all be linked to investment — investment in production and industrial repair, to stimulate recovery much as the Reagan Government is now doing.

Though he mocks the Government for its failure to cut taxes, it is not because he supports such action. "The Government talks of tax cuts as though they were the lever that will release all the inventive, hard work, earnestness that's there—it's bloody rubbish. They haven't done it and it doesn't get near the root of the problem, which is the fact that there hasn't been any investment for years. The lack of capital commitment undermines our capacity to produce, to produce cheaply and to sell. The problem of British capitalism is its lack of integration with the productive

sector of our economy."

The process of integration has begun, he says, but it is very slow. The role of government is to accelerate the process — formally, by institutional means including public ownership in some spheres; semi-formally, through bodies like NEDdy and planning councils; above all by instituting a regime "which continually expects money to be used in this way."

This will almost certainly involve re-imposition of exchange controls, and the setting up of a national investment bank — indeed an economic programme very similar to that on which Labour fought the last election.

He does not deny this, nor does he see any need to apologise. "All the polls in the run-up to June 1983 showed we were getting it right—that unemployment, investment, training were seen as the most important issues. We lost not only because of our stupid preoccupation with internal affairs, but also because of the way credible policies were made to look incredible by a 5 per cent exaggeration. The suggestion that our policies would in some way throw a switch did for our credibility."

Next time, he says, Labour will sharpen up its presentation to ensure that its policy objectives are clearly understood and "cannot be confused with malcontent intentions and foolish aspirations."

What of the charge that has dogged all previous Labour administrations—that of over-centralisation? That Thatcher, he believes, has pre-empted that. "We now have greater centralisation under this Government than ever before. Look at local government. Commercial centralisation is also increasing on an international scale. He is particularly concerned about the recent STC bid for ICL and the IBM deal with British Telecom which he sees as attempts by the multinational giants to muscle in on Britain's information technology industries."

Yet in stressing the need for government to protect the independence of such industries, he does not talk in terms of public ownership. The best-known part of the Labour constitution's Clause IV, he points out, is only one of seven parts and no more important than the

others. He considers the Labour Party to be less ideological than most other British and European political parties. The constitution drawn up by the Webbs does not provide the sort of ideological framework within which other parties plot their responses to a changing environment. Whereas the German SPD has an ideological basis for its links with the Greens, and President Mitterand an ideological justification for his accommodation with the market economy, the British Labour Party charts its course by two reference points — "pragmatism" and "betrayal."

This, he agrees, has distorted debate within the party, but he says it is as one who is ready for the inevitable accusations of betrayal. He refers to "the Left of the Labour Party of which I'm still very much a part" and does not think twice about the word "stilt." These days, he observes wryly, it's possible to

The safety nets should be well above the floor

hear someone described as "he's CND, but on the Right." Time was when membership of CND was automatic qualification for membership of the Left, but the old definitions no longer apply.

But if Neil Kinnock's commitment to CND is no longer enough to place him on the Left of the party, there is also his Gallicism. Like Mrs Thatcher, he believes in a meritocracy. Unlike her, he does not believe merit should bring as its reward unequal status.

She is, he says, pre-Churchillian, and he makes it sound like a synonym for neoliberalism. She thinks social justice has made people soft. Churchill was no author of the welfare state, in many ways he resisted it. But he actually worked with Lloyd George. He used to talk about hoards and safety nets—and he believed the safety nets should be well above the floor.

When Neil Kinnock says he hopes Margaret Thatcher will be there until the next election, he sounds as though he means it.

China's Economy Free traffic in Jime Road

By David Dodwell

IT TOOK just two days for a tailor off Jime Road market in Qingdao—a large port in northeast China—to make Sui Liping's new fitted jacket, a discreet charcoal colour but with a lining in grasshopper green.

The blushing 21-year-old confided that she loved buying pretty clothes and confessed that she spent a lot on them. The jacket alone cost Yuan 40 (210)—more than three-quarters of her monthly salary as a machine operator in Qingdao's lace knitting factory.

Such indulgence would have been out of the question in China even four years ago, not only because no-one had the money, but because no-one would have been so incautious as to admit to being tempted by things so material.

But with Deng Xiaoping in power in Peking, and the doctrinaire beliefs attributed to the Gang of Four consigned to the dustbin, China is bent on a course of economic liberalisation that is as radical as it is controversial.

Party theorists in Peking say the change is due to "the four modernisations," and to "practising diversified economy." But to the likes of Liping, the change is due to free markets like Jime Road.

Time Road is the biggest of 26 free markets in Qingdao proper. With the 334 rural markets in the city's suburbs, they accounted for just under 12 per cent of Qingdao's retail sales last year — about Yuan 260m. Between them, they provide jobs for about 11,000 people. Until three years ago, many of these would have been unemployed.

The markets bring fresh vegetables, seafoods, fashionable clothes, household goods and a myriad of other trills that provide colour or comfort to otherwise spartan lives. Prices are regulated by supply and demand, which is of course a contradiction in terms in a planned economy. Some traders like the truckers who bring fresh prawns daily from Yexian county 150 km away — get rich, another uncomfortable conundrum in a Communist society.

So the markets are also a tribute to the uncluttered pragmatism of the regime of Deng Xiaoping. What is more, families like those in Qingdao no longer face the winters of unrelenting cold. Well aware of the contradictions free markets present,

Zhang Hongkui, the city administrator responsible for regulating them, says: "My job is to control the markets without killing them, to help them stay active without letting them get disordered."

The first essential is to make sure that the needs of state organisations are met. For farmers, this means they cannot sell vegetables or fruits onto the free markets until they have met their state quotas. For fishermen, the state claims 60 per cent of every catch, allowing them to sell the rest for personal profit.

For textile merchants, the position is different again. Zhang notes: "People have their own tastes in colour and fashion, and it is very difficult for state stores to satisfy these, so we let manufacturers supply the market freely. Presumably, the day of the Mao-suit is dead."

The second essential is to make sure the markets are properly regulated. For this, Zhang has a force of 930 uniformed staff and 1,200 helpers. These provide trading certificates, check the accuracy of weights and measures, provide tulle and keep the markets clean, and settle disputes between traders and customers.

For these services, traders pay a daily fee of 1 per cent of their takings. Zhang insists that through constant education, traders tend not to try to dole out fees by under-reporting profits. But for anyone who is caught fiddling, rather a customer or the authorities, every market has its public blackboard. In a society where "face" is so extremely important, it seems the threat of public ridicule is normally enough.

While the produce sold in China's free markets remains a small proportion of the country's total output (Zhang would say they are complementary to state outlets), they stand as colourful proof of the progress that can be made once the initiative and enthusiasm of Chinese workers is stimulated.

They are prospering on agricultural surpluses wrought from farming areas which, during the recent upheavals of the Great Leap Forward and the Cultural Revolution, were often unable even to feed themselves. They are the embryo of the biggest consumer economy in the world, and Sui Liping is not alone in being enthusiastic about that.

A cigar blows up a storm in a French wine glass

IS 'Chateau d'Yquem uniquely unique? This apparently arcane question, due to be decided later this year by France's highest court, the Cour de Cassation, concerns the owner of any good name and true anxious to protect it against usurpers.

In this instance, Alexandre de Lur-Saluces, owner of Chateau Yquem—only the wine takes the noble "de"—is attempting to stop Messrs Davidoff from continuing to sell the cigar named after the chateau they have been selling for 35 years.

The cigar in question is, naturally enough, a hand-rolled Havana, 6-in long, and selling for £5.75 at Davidoff's shop in St James's Street, London. It is only one of a group named after posh drinks: biggest—and most expensive—is the Dom Perignon, 7-in long for £11.50. Then comes the Yquem, followed by the four original First Great Growths of Bordeaux in Davidoff's own order of precedence: Chateau Latour (5-in at £5.45), Margaux (5-in at £4.60), Lafite (4-in at £4) and finally Haut Brion (4-in for a mere £3.75).

The "Chateau" series dates back to 1947 when Messrs Dietrich of Zurich, importers of the Hoyo de Monterrey brand, allowed the enterprising Zinn Davidoff to call their cigars after a group of Chateaux. Over the years they became an established part of the Davidoff range, and he was objected until 1969 when Alexandre de Lur-Saluces inherited Yquem from his uncle.

He brushed aside Davidoff's airy assurances that, he had received a letter of agreement from Lur-Saluces's uncle, a document which unfortunately, he has never been able to locate. Things were not improved when all 556 names were registered by an apparently unrelated firm "by consent" in the Trade Marks Journal four years later.

The owners of all five chateaux promptly wrote joint letters to the Patent Office to ensure that none of the names were registered, and a number of them went on to make their own arrangements with Davidoff, or rather with Dr E. Schneider, who had bought the firm. Most & Chandon, owners of Dom Perignon, insist on a royalty payment; but Eric de Rothschild, at Lafite and Corinne Mentelopoulos-Perit of Chateau Margaux are content with gentlemen's agreements and payments only of a "franc symbolique" of Rothschild likes the cigars and

Weekend Brief

offers them to guests at Lafite. The Pearson Group, which owns Chateau Latour, has not even bothered to contact Davidoff. But Lur-Saluces was not so easily satisfied. The trouble was partly financial: the other first-growths are highly profitable businesses (with gross margins of up to 75 per cent in a good year on a production of well over 200,000 bottles apiece); his vineyard averages a mere 75,000 bottles a year (in a couple of years in the past decade no wine at all worthy of the name has been produced).

Moreover his costs are horrendous; for the grapes are individually gathered. The specially-trained harvesters sometimes have to go through the vineyard up to a dozen times in their quest for grapes with the "nobla rot" which gives Sauternes its unique quality. So Davidoff's profits from Yquem cigars undoubtedly exceeded Lur-Saluces's from his vineyard.

But family pride was even more important: Yquem has been in the Lur-Saluces family ever since 1786, when one of its ancestors married a Miss Yquem, and has always been recognised as unique in the market as in the 1855 Classification of the wines of the Gironde. Where there were four (now with Mouton there are five) clarets of the first rank, there is only one Yquem.

So Lur-Saluces called in Maître Jean Rozier, a jolly, rolly-polly lawyer, in appearance France's answer to the immortal Rumpole, but nonetheless a formidable advocate, former Batonnier (leader) of Bordeaux's bar, and the trusted legal adviser of any major chateau-owner confronted with legal problems. He angrily rejected Davidoff's peace offering—a hundred cigar a year.

He found the offending smokes on sale in the duty-free section of Mergnac Airport at Bordeaux and in 1974 went to law. The case is not merely a storm in a tea-cup (or an ash-tray or a wine-glass) but also concerns the extent to which trade names can be protected.

The basic French legislation covers the professional interests of the owners of a trade mark: Lur-Saluces argues that this covers not only imitations of the protected name but also, as



Alexandre de Lur-Saluces in his vineyard

In this case, the use of a protected name to cover another object. To Lur-Saluces a registered trade mark "marque notoire" extends its protection to the reputation enjoyed by the item it covers.

The prestige attached to it could be reduced if the name were used for lesser goods of lower quality; the consumer might be misled into thinking that the cigar was made by the same people as the wine—or that it carried the implicit seal of approval and that the same degree of care and craftsmanship went into its production.

And, finally, the use of a name like Yquem detracts from the triple uniqueness attached to the Chateau; it is not only a chateau and a (closely defined) estate, but also a "terroir," that unique French blend of geology, geography, climate, and oenology used when defining a great wine. Finally, even to a sceptical Anglo-Saxon, it is one of the undisputed glories of French civilisation.

By the time the case came to court matters were further complicated because Davidoff had sold his business including the rights to Chateau range. In 1980 the Bordeaux tribunal decided in Lur-Saluces's favour, rejecting Davidoff's plea that he had spent a fortune publicising

the name. Three years later (they order these matters at a more stately pace in France) the local Court of Appeal confirmed the decision. Davidoff (by now joined in the action by Dr Schneider) then went to the Cour de Cassation.

If he loses, Davidoff will no longer be able to sell these cigars anywhere in the Common market (whose members will automatically apply the ruling of the French Court).

To reinforce the effect of his French case Lur-Saluces has taken the fight to Davidoff's home base: in April he asked the Swiss courts to force him to withdraw the offending cigars from the market.

In Switzerland, Dr Schneider should be helped by the local law which provides legal protection for brand owners who have been using the name for 10 years or more. And even if he loses in the Cour de Cassation he has a formidable weapon up his sleeve: he has already come to a gentleman's agreement with Baron Philippe de Rothschild of Mouton Rothschild to use the name of his chateau instead of that of Yquem.

Which could leave Lur-Saluces with another problem: the Russians produce a sweet white wine called Shato Yem.

Tele-shopping for everyone

Gateshead grandmother Mrs Jane Snowball remembers the time when all shops offered personal service and home deliveries: now, at 72, she is in the forefront of a shopping-by-television experiment which could radically alter our shopping habits by the end of this century.

Mrs Snowball is one of the lucky few senior citizens in the Gateshead area who can order bread, groceries, and chemists' products simply by the press of a switch. The goods are then delivered, often within hours, to her home.

She is part of an experiment in home shopping which started in Gateshead in 1979 under the auspices of the Tesco supermarket chain and the University of Newcastle. Until now, the home shopping has been carried out via a micro-computer, based in homes for the elderly or disabled as well as local libraries, which is linked to Tesco's own computer in its Gateshead store.

But the scheme has just been expanded, with the help of Rediffusion Computers, to enable shopping orders to be placed via a special videodata system attached to television sets in the home which also gives information on local help services for the elderly. Orders transmitted via the micro-computer and videodata television sets are processed in the Tesco store, whose own computer produces "teletext" lists of the items needed so that time is saved in collecting goods from the shelves in the right order. Assistants connected with packing and delivering the goods are provided under Manpower Service Commission job creation schemes.

The significance of the Gateshead experiment is that it makes the technological revolution of tele-shopping a reality for the disadvantaged consumer: before Gateshead, tele-shopping had been associated almost exclusively as the prerogative of middle-class suburbia.

Yet there can be no doubt that Tesco and other major retailers are monitoring the Gateshead experiment with an eye to the future for their own businesses. The implications are not only there for where large stores should be located and how they should be run, but also raises further doubts about the future of small stores. Already some small retailers in the Gateshead area expressed their concern about the potential loss of trade to Tesco.

Contributors:

Nicholas Faith
David Churchill

BUILDING SOCIETY RATES			
	Share as %	Sub'n shares %	Others
Abbey National	7.75	8.75	8.25 Seven-day account 9.25 Higher interest acc. 90 days' notice or charge 6.50-8.75 Cheque-Save — Easy withdrawal, no penalty
Ald to Thrift	8.15	—	—
Alliance	7.75	8.75	8.75 Monthly Income, 1 month's notice, 9.00 £2,500+ 9.00 28 d. not. int. wtd. 28 d. pen. if bal. und. £10,000 8.75 7 days' notice, No interest penalty
Anglia	7.75	8.75	8.25 3-year bond, No notice, 3 months' penalty 8.25 Capital share, No notice, 1 month's penalty 8.75 7 days' notice, No interest penalty
Barnsley	8.25	9.00	7.90 2-year term—3 months' notice on penalty
Birmingham and Bridgwater	8.00	9.25	9.00 5 days' not. or 20 days' int. pen. for term, wtd. 9.50 90 ds. shrs., 90 ds. nt. or 90 ds. pen. for int. wtd.
Bradford and Bingley	7.75	8.75	9.00 Premium Access, On demand, no penalty
Britannia	7.75	8.75	8.75 7 days' notice, 9.00 28 days' notice
Cardiff	9.00	9.25	* Share account balance £10,000 and over
Catholic	8.00	9.00	9.50 Jubilee bond, Min. £1,000, Monthly income
Century (Edinburgh)	8.55	—	—
Chelsea	7.75	8.75	8.75 3 years, immediate withdrawal interest penalty
Cheltenham and Gloucester	7.75	8.75	9.00 Gold account £1,000+, No notice, No penalties Monthly int. £3,000 min. 9.3% if added in acc.
Citizens' Savings	8.00	—	—
City of London (The)	8.00	8.75	9.00 6 months' notice—no penalty during notice 9.25 2 months' notice—no penalty during notice 9.10 21 days' not. int. access for amts. over £10,000
Coveotry	7.75	9.00	9.25 Money Maker £20,000+, 9.00 £5,000+, 8.75 £1,000+, Instant acc., no pen. Monthly, inc. int.
Derbyshire	7.75	9.00	9.25 90 ds. not. Triple Gold 8.25, 9.00, 9.10-25 ds. nt.
Gateway	7.75	8.75	9.00 Gold Star £1,000+, No notice, No penalties Monthly int. £5,000+ 8.25 if added to account
Greenwich	6.25	—	—
Guardian	8.00	—	—
Halifax	7.75	8.75	8.75 7-day Xtra, 7 days' notice, no penalty 9.00 28-day Xtra, 28 days' notice, no penalty 9.25 90-day Xtra, 90 days' notice, no penalty 9.25 90-day notice, 8.75 5-day notice
Heart of England	7.75	9.00	9.65 1 years, 9.25 25 days, 9.40 3 years
Hemel Hempstead	7.75	9.25	—
Hendon	8.90	—	—
Lameth	7.90	9.00	9.65 28 days plus loss of interest, 8.75 3 months
Leamington Spa	7.85	—	—
Leeds and Holbeck	7.75	9.50	9.25 Spa Income, 9.25 Lion Share, 9.75 1/2 term var. int., 9.00-10.00 Spa Plus, bon's of 50%, 75%, 1% after each successive complete yr. acc. is open. No notice or interest pen for early close
Leeds Permanent	7.75	9.25	Monthly int. 9.25 1 month's notice or pen.
Leicester	7.75	9.57	HRAS 3 m. nt. on pen. 9.00 EIA 28 d. nt. no po.
London Permanent	8.75	—	—
Midshire	7.75	9.25	9.25 1-year term, int. wtd. with loss of 1% bonus 25 days' notice/immed. 60 days' penalty
Mornington	7.50	7.50	—
National Counties	8.05	9.05	9.80 28 days' notice plus loss of interest, £1,000+
National and Provincial	7.75	8.75	9.00 1 month's notice or immediate and interest loss 9.25 Capital bonds, 3 yrs., 90 days' notice/penalty 9.25 Bonus-90, 90 days' notice/penalty 9.00 Super bonus, 28 days' notice/penalty
Nationwide	7.75	8.75	8.75 Bonus-7, 7 days' notice/penalty 9.25 28 days' notice or on demand with penalty 9.75 38 days' notice or on demand with penalty
Newcastle	7.75	9.00	9.75 Moorspinner plus (£1,000-£1,999) 9.00 (£2,000-£19,999); 9.25 (£20,000 and over) 7 days' notice withdrawal, no penalty
Norwich	8.00	9.25	9.25 City acc. intmed. withds. with no penalty
Paddington	6.25	9.75	9.25 1 mth's nt. or 1 mth's int. loss on aums wtd.
Peckham	7.00	—	—
Portman	7.75	9.25	9.00 No notice, 9.25 2 months' notice
Portsmouth	8.05	9.55	9.70 3 years, 9.50 6 months, 9.25 1 month
Property Owners	8.35	9.50	9.25 7 yrs., 9.25 28 days, 9.60 6 mths. Effective Aug 15
Scarborough	7.75	9.00	9.75 2-year limited share, 1.75 guaranteed differentl.
Skipiton	7.75	9.00	9.25 Sovereign £10,000+, 9.00 £5,000+, 8.75 £1,000+, No penalty, No notice, 9.10 £10,000+, 1 mth. notice 9.00
Stroud	7.75	9.00	9.25 3 months, 9.10 £10,000+, 1 mth. notice 9.00
Sussex County	7.75	9.25	9.75 up to £2,499, 9.00 £2,500+, 1 mth. notice 9.00
Sussex Mutual	8.25	9.50	9.25 Monthly income at 1 month's notice
Thrift	8.40	—	—
Town and Country	7.75	8.75	9.50 90 days' not. or pen. if bal. goes under £10,000 9.00 7 days' not. or pen. if bal. goes under £10,000
Wessex	9.20	—	—
Woolwich	7.75	8.75	8.75 7-day account, 7 days' notice 9.00 26-day account, 28 days' notice/penalty 9.25 90-day account, 90 days' notice/penalty
Yorkshire	7.75	8.75	9.25 Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Companies and Markets

UK COMPANY NEWS

Lloyds Bank up £16m to £210m

Lloyds Bank achieved better results in most parts of the world in the first six months of 1984 and, despite a further substantial bad debt provision, pushed taxable profits up by £16m to £210m.

There was a strong performance in New Zealand, even after allowing for the recent devaluation, and there was a further recovery in California. The domestic contribution rose by 33 per cent to £23m, but Latin American results were again affected by adverse economic factors.

Bad and doubtful debt provisions were £14m higher at £113m with the increase entirely due to specific charges which accounted for £70m, against £33m of the total—general charges fell by £2m to £43m. Total provisions for bad debts rose to £595m at the end of the six-month period, which represented 1.8 per cent of gross advances, despite a higher level of write-offs.

Net interest income amounted to £572m, a rise of £72m, and other income totalled £276m against £257m. Operating expenses climbed from £581m to £635m.

The taxable result was also affected by a £1m fall in £10m in associate company contributions.

The interim dividend is being effectively increased by 1 per cent from 8.85p to 9.3p—last year's final payment was an adjusted 14.85p.

Earnings per share declined from an adjusted 58p to 42p after a sharp increase in Lloyds' tax bill from £63m to £107m.



Sir Jeremy Morse, the chairman of Lloyds Bank

reflecting changes in this year's Budget.

These changes also resulted in Lloyds making a large provision of £46m for deferred tax and the effect of reduced rentals from leases, which has been covered by a transfer to reserves. Attributable profits emerged at £59m compared with £128m.

Sir Jeremy Morse, the chairman, commenting on the result, says that the 12 per cent rise in operating income reflected an increase of 19 per cent from domestic banking and related activities despite a fall in fee income in Lloyds and Scottish following certain business disposals.

The contribution from international operations fell by £16m (17 per cent) on the first half of 1984 and by £13m (14 per cent) on the second half of last year.

Lending volumes generally continued to be flat with strong competition for new business, and interest margins were little changed. Net interest income rose by 15 per cent, largely as a result of the fall in the value of sterling against the U.S. dollar.

Other operating income showed a small increase of 2 per cent on the greatly improved level reached in 1983, while operating expenses grew by 17 per cent, also partly reflecting the fall in the value of sterling.

In the clearing bank, average current account balances are showing annual growth of 10 per cent. Seven-day deposit account balances have been falling at a similar rate, but this has been more than offset by increases in accounts paying higher rates of interest.

Growth in sterling advances

has slowed to an annual rate of around 10 per cent. The average base rate was 8.9 per cent, compared with 10.1 per cent and 9.3 per cent for the first and second halves of 1983 respectively.

Against this background, net interest income from domestic operations rose by 10 per cent as a result of higher volumes. The net interest margin, however, declined.

Total assets have increased by 17 per cent to £430m over the last 12 months, of which sterling assets accounted for £200m and currency assets £230m. About one-third of the rise was due to the fall in the value of sterling against the U.S. dollar.

Following the change of accounting dates of Lloyds Bank International and certain other subsidiaries from September 30 to December 31, the results for the first half of 1983 have been restated.

Group results for the period under review include figures for the six months to March 31 for Lloyds and Scottish and six months to April 30 for the National Bank of New Zealand.

In the second half of 1983 group pre-tax profits came to £205m after a £120m bad debt charge.

As reported yesterday, Lloyds Bank has agreed to pay £91.7m for Royal Bank of Scotland's 39.3 per cent stake in Lloyds and Scottish, a finance house, in which it already has a 60.3 per cent holding. The offer is 125p cash for each L and S share, valuing the whole company at £233m.

See Lex

FIH ahead in first quarter to £1.6m

THE FIRST two months at Ferguson Industrial Holdings started quietly but a pick-up in sales enabled the group to achieve a 19 per cent advance in taxable profits from £1.32m to £1.6m for the first quarter of 1984-85.

Ferguson, a printing and packaging, building supplies, construction and manufacturing group, increased turnover by 5 per cent to £35.24m, against £33.47m, and trading profits by £144,000 to £1.72m.

The share of profits of related companies was lower at £21,000 (£27,000) following the sale of a stake in a South African ship-repairer. Income from investments yielded £40,000 (£44,000).

Employees' profit-sharing absorbed £181,000 (£187,000), and interest payable was down to £21,000 (£194,000). The tax charge was £530,000 (£487,000).

Mr Denis Vernon, chairman, said that the company had sold its loss-making Antrim Builders Suppliers to the original vendors for approximately net asset value, releasing over £400,000 which was used to reduce the company's already low gearing.

Plans were well advanced for the opening of two new builders' merchants' branches in England, he added. Further rationalisation in the manufacturing division had resulted in better trading, which was expected to continue. The printing and packaging division was set to expand on completion of negotiations in hand for the purchase of a printing business.

The printing and packaging division showed a 13.6 per cent rise in trading profit at £12m, while the manufacturing division advanced from £12,000 to £73,000. Building supplies slipped from £471,000 to £429,000.

Rights and Issues moves ahead midway

Net asset value per 25p capital share at Rights and Issues Investment Trust came to 108.4p against 115.9p for the first half of 1983. On income shares, the value came to 48.4p compared with 50.7p. The directors point out that the calculation for the two half-years includes accrued income.

An interim dividend of 1p net (except) has been recommended on income shares. The directors say that in view of the small sum involved the amount owing to capital shareholders will be included in the dividend payment at the year end.

In the last full year a total of 3.8p was paid on income shares. Half-time investment and other income came to £114,000 (£97,000) and pre-tax revenue of £197,000 (£176,000) was struck after interest and management expenses of £18,000 (£21,000). Tax amounted to £40,000 (£20,000).

ICI Canada

ICI Inc., majority-owned by Imperial Chemical Industries, says that it expects its 1984 operating profit will be well above the £823.8m (£719.9m), or 51.3p a share, earned in 1983.

ICI reports that first-half operating profits rose to \$22.1m against \$14m. It says fertiliser sales were higher, reflecting the end of U.S. government grain storage reduction programmes which resulted in increased demand and improved selling prices.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year
Martin Ford	Nil	Oct 3	0.35	1.05
Gardiner & Theobald	Nil	Oct 3	0.43	1.1
Kennedy Brookers	Nil	Oct 3	0.43	1.12
Lloyds Bank	9.5	Sept 17	8.85	23.7
Rights and Issues	1	Sept 7	1	2.8
Silverthorne	0.5	—	0.5	1.75

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue.

Record year for new life and pensions at Hill Samuel Assce.

TOTAL distributable profits of Hill Samuel Life Assurance, a member of the Hill Samuel Group, for the year ending March 31 1984 amounted to £2.61m against £2.37m for the previous 12 months. The transfer from the life funds for the year amounted to £1m compared with £850,000.

Dividend payments for the year totalled £1.25m compared with £1.1m in the previous year.

Mr Neville Bowen, in his chairman's statement, reports the company having a record year for new life and pensions business. New annual premiums were up by one-third to £9.5m and single premiums increased by nearly 60 per cent to £52.2m. He deplored the withdrawal of

tax relief on life assurance premiums, which he claimed had provided an important incentive for long-term savings. The company had already taken steps to put more emphasis on marketing pension contracts in the personal market.

Total funds rose by £65m during the year to £447m at end-March 1984. Premium income rose by half in the year from £15m to £15.5m. However, investment income dropped 8 per cent from £32.5m to £29.6m.

The company declared an unchanged reversionary bonus rate of £3.2 per cent compounded on its with-profit business for the year ending March 31 1984.

'Take no action' says Brooke Bond chief

SIR JOHN COCKNEY, the chairman of Brooke Bond, yesterday urged his shareholders to stand firm and take no action when the formal offer document arrives from Tate and Lyle early next week.

Brooke Bond promises vigorous resistance to T and L's £300m cash and equity offer and, whatever case the bidder makes for merging these two major commodity foods businesses, Sir John says that Brooke Bond will be able to level a "detailed criticism of this wholly inadequate offer."

Despite much earlier speculation over the possibility of a counterbid, shares in both T and L and Brooke Bond were curiously muted amid yesterday's storming market rally and neither price was much changed: Brooke Bond stood still at 108p, while T and L lost 2p to 353p.

Debenhams and Comcap, which supplies IBM computer equipment, have a "cordially terminated" talks on a joint venture in developing sales of micro-computers in Debenhams stores.

The two companies had previously reached a tentative agreement, but talks foundered on differences over the structure of the planned company, and particularly over tax implications, Mr Robert West, Debenhams' group treasurer, said yesterday.

Comcap would have had a majority stake in a company which, through Debenhams stores, would have marketed computers to professionals and small businesses.

"The content is still firmly in our minds and we hope we'll be able to do something elsewhere," Mr West said.

GKN gains 63% of Beck/Arnley. Guest Keen and Nettlefolds says that in connection with the cash tender offer of 51p per share by its subsidiary B.A. Acquisition Inc. for the common stock of Beck/Arnley Corp, 1.36m shares (62.6 per cent) have been tendered and accepted.

The offer expires in New York City on August 9.

Lincroft

John Fialan has received acceptance in respect of 8.2 per cent of the ordinary shares of Lincroft Kilgour, not 10.16 per cent as was reported. In yesterday's issue, in addition, it was held to acquire a 23.78 per cent holding in Lincroft, from Drayton Consolidated Trust. Fialan's offer has been extended until August 18.

Baring Brothers and Company directors have announced that profit for the six months to the end of June 1984 was about the same as that for the corresponding period in 1983.

Net asset value per ordinary 25p share fell at CSC Investment Trust in the six months to June 30, 1984, from 140.99p to 134.51p. Net revenue rose from £42,078 to £45,457. Earnings per share improved to 2.58p (2.55p). As the directors have declared an unchanged interim dividend of 3.5p.

All units in Redpath's construction materials division operated profitably during the quarter, and both revenues and profits of the packaging division were higher than those for the same period last year.

Norton Opax, security and specialist printer which is asking shareholders for £2m with a one-

COMPANY NEWS IN BRIEF

THE STRONG first-half performance by Redpath Industries, Tate & Lyle's Canadian subsidiary, was sustained through the quarter in June 30 1984. Pre-tax profits for the nine months were up from C\$19.9m to C\$29.1m (£16.96m).

Revenues of \$85m in the quarter were down 59m from the comparable period in 1983, reflecting lower average sugar prices. Net income for the nine months was \$18.96m, or \$4.07 per share.

share on revenues of \$287m, against \$10.95m per \$2.37 per share on revenues of \$280m previously.

Sugar operations in eastern Canada and the north-western United States again contributed significantly. Sales volume and refining margins at Redpath Sugars are expected to continue at satisfactory levels for the remainder of the year. Sales volume at Refined Sugars in New York were slightly ahead of 1983 levels, though intense price competition kept margins low.

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GRA Group incurs losses of £58,000

Pre-tax losses of £58,000 against profits of £1,000, are reported by the GRA Group, organisers of greyhound racing, for the six months to April 30 1984. Profits for the year to October 30 1983 amounted to £335,000.

The directors say that in view of the company's programme of rationalisation and restructuring at certain stages, coupled with the trading results for the six months under review, they feel unable to recommend the payment of a dividend at this time.

Group turnover for the nine-month half showed a modest increase from £52m to £52.8m. Operating profit fell from £171,000 to £62,000, and net interest payable was down from £170,000 to £120,000. After a tax credit of £27,000, minority interest of £4,000, and an extraordinary credit this time of £102,000, attributable profits came out at £75,800 against £1,000.

The extraordinary item represents the profit on the sale of 65,000 ordinary shares in Southend Stadium (in May 1), a further 475,000 shares were sold and the profit arising will be included in the full year's results.

Earnings per share were 0.7p against 0.97p at October 31 1983.

Martin Ford £200,000 in red

EXCEPTIONAL losses hit pre-tax results at Martin Ford for the 26 weeks to June 2 1984. The company was £198,513 in the red against profits of £115,000 last time and the interim dividend has been passed. However, the directors expect to see a return to profitability in the second half.

The directors say that, unfortunately, improved trading levels in 1983 and the buoyancy which continued into the opening weeks of this year were not maintained.

The directors say that, unfortunately, improved trading levels in 1983 and the buoyancy which continued into the opening weeks of this year were not maintained. The increase in turnover anticipated from this move was not achieved and a substantial mark-down of merchandise had to be made down for clearance.

Turnover of this ladies' wear retailer for the half year came to £3.46m (£3.52m) for the 52 weeks to May 25 1983.

Merchandising policy has now been focused on sectors which have traditionally shown good results and given reasonable trading conditions the directors have for a return to profitability.

At the operating level losses came to £214,230 against profits of £82,725. Investment income added £14,567 (£32,365).

Loss per 10p share came to 0.71p (earnings 0.51p).

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Pilkington upholds improvement

UK COMPANIES were now trading profitably before redundancy cuts, shareholders of Pilkington Brothers were told by the chairman Mr Antony Pilkington at the annual meeting.

Mr Pilkington said that while the UK remained the major concern, the steady improvement evident last year was continuing.

"This improvement has stemmed almost entirely from our own efforts in a wider market through better productivity and lower costs," he said.

The group's prospects, said the chairman, were still perceived to have a close relationship to the performance of the UK building sector. "This is not the case," he said.

He added that an analysis of sales and trading profit showed that only 29 per cent of the group's sales are made in the UK and that 29 per cent included supplies to the minor industry and significant sales from the electro-optical and upholicular divisions.

"While it is undoubtedly true that we are major suppliers in the building industry," said Mr Pilkington, "the group's wide geographical spread and mix of markets certainly does not make our performance dependent upon our particular geographical or business sector."

Mr Thomas Kenny, chairman of GET International, told shareholders at the annual meeting that "if the miners' strike is settled fairly quickly and satisfactorily, then for the year to March 1985, we will produce results that you will find acceptable."

Scapa Group shareholders were told at the AGM that the progress made throughout last year, both in England, North America and in the other countries was continuing.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Three years after Lloyds Bank launched a partially successful offer for Lloyds and Scottish and thereby increased its holding from 40 per cent to 60.3 per cent, the Royal Bank of Scotland has agreed to sell its 39.3 per cent stake in the finance house to its parent for almost £92m. Lloyds is to pay 125p per share and will offer the same amount to minority shareholders.

Dealings in both Security Centres and its 50.25 per cent owned U.S. subsidiary SCUSA were suspended on the Stock Exchange last Thursday pending the completion of the £26m purchase of Holmes Protections, the alarm division of the Security Corporation of America, itself 40 per cent controlled by Mr Michael Ashcroft's Hawker Group. The move is to be financed through the issue of new SCUSA equity. Security Centres will not subscribe to the issue, although its shareholders will be offered preferential rights in the offer for sale. As a result, Security Centres' holding in SCUSA is expected to be diluted to around 30 per cent.

The battle for control of major R.I. dealers Henlys ended suddenly and unexpectedly last week when the Bank of Scotland, via its North West Securities subsidiary, agreed to accept Midpex's increased offer of 127p cash per share for its 28.6 per cent stake. The revised terms, some 1p above the original offer value Henlys at £17.8m and the bank had reluctantly recommended the deal to minority shareholders. Midpex, the Canadian investment company controlled by Mr Michael Ashcroft and Mr David Watkins, already holds a near-30 per cent stake through the successful takeover of limousine coachbuilders Coleman Milne. Henlys had relied on the support of the Bank of Scotland, but the latter made no secret of its desire to accept Midpex's offer. Ironically, Henlys chairman Mr John Dowling was appointed by the Bank of Scotland last year in a partially successful attempt to improve the garage group's poor trading record.

A number of takeover approaches were made public this week. Foremost was the announcement that entertainment combine Grand Metropolitan has opened talks aimed at securing an agreed bid for major tour operators Horizon Travel. Grand Met has previously built up a non-disclosable holding in Horizon which it sees as devaluing largely with its own, albeit limited operation, Nova Holidays.

London Prudential Investment Trust shares rose sharply on news that the company had received two approaches that may lead to an offer. The Trust's net asset value as at last April was just over 245p per share.

Company	Value of bid per share	Market price	Value of bid per share	Market price	Bidder
Aquis Securities	55	54	43	12.82	Guardian Rpt Ex
Brooke Bond	100	105	77	312.95	Tate & Lyle
De Vere Hotels	320	315	307	41.82	RET
Fenner (J.R.)	1.44	1.37	1.11	37.04	Hawker Siddely
Glossop	70	68	65	1.91	Colas
Grindlays	275	265	165	15.85	ANZ
Hayland	115	150	140	4.63	Xenotron
Henlys	127	51	220	17.79	Midpex
ICI	75	81	61	3.53	Sid Tel & Cables
Lincroft Kilgour	112	105	105	4.33	Finlan T.I.
London Pavilion	220	221	116	2.65	Kennedy Brookers
Marshall's Unvrl	614	48	46	0.25	Grosvell
Midsummer Inns	240	240	155	1.33	Switland Leisure
Patrol	255	240	180	4.03	Imi
Phoenix Acce	650	630	172	386.63	Sun Alliance
Prison Marials	450	430	575	0.55	Mr Simon Fussell
Whitings	112	112	52	5.75	Marchwell
Woodward (R.)	76	73	56	1.82	Brigden Process

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. † Unconditional. ** Based on 3/8/84. †† At suspension. ‡‡ Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit ('000)	Earnings* per share (p)	Dividends* per share (p)
Amer Oil Flds Sys	Dec	4,020L	(7,330)L	—
Arlington Motors	Mar	1,940	(1,085)	39.1
Armitage & Rids	Mar	241	(67)L	—
Bertram Hldgs	Mar	688	(516)L	1.57
Black, Peter	Apr	3,970	(3,450)	18.6
Cray Elect	Apr	2,350	(1,740)	7.9
Dynn, J. & J.	Mar	1,000	(563)L	7.3
Elthel	Apr	480	(303)	—
Forminster	Apr	1,630	(1,610)	18.8
Gordino & Gotch	Mar	822	(1,120)	2.9
Hallie	Apr	93L	(1,020)	—
Havlock Europa	Apr	473	(335)	4.5
Herrhager Brks	May	181	(81)	8.2
Hogg Robinson	Mar	11,080	(10,568)	14.3
ICC Oil Services	Mar	2,480	(1,910)	—
ICC Oil Services	Mar	382	(940)	1.5
Macarthis Pharm	Apr	4,420	(4,060)	24.9
Memcon Int Hlgs	Apr	1,220	—	15.8
Merc House	Apr	56,910	(44,720)	44.3
Munton Bros	Apr	645	(815)	3.0
Park Food Group	Mar	1,570	(1,210)	8.0
Preedy, A.	Apr	382	(565)	8.0
Reed Exec	Mar	1,310	(820)	12.4
Regan Prop	Mar	768	(533)	9.6
Richardson West	Dec	3,500L	(2,580)L	—
Smith, David S.	Apr	24	(121)	—
Sodastream	Apr	2,260	(3,530)	—
Statert Zig	Mar	47	(41)	—
Tomkins, F. H.	Apr	2,370	(1,586)	6.1
Trent Holdings	Mar	512	(364)	7.62
Wollock Holdings	Apr	448	(343)	—
Wor on Ind Hlgs	Mar	3,330	(2,900)	—

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Clear-A-Debt Ltd.
Credit Management Consultants
THE ETHICAL PROFESSIONALS
01-683 0141

FT LONDON SHARE INFORMATION SERVICE

Financial Times Saturday August 4 1990

HOTELS—Continued

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
124	100	100	0	0	124	100	100	0	0
125	100	100	0	0	125	100	100	0	0
126	100	100	0	0	126	100	100	0	0
127	100	100	0	0	127	100	100	0	0
128	100	100	0	0	128	100	100	0	0

AMERICANS

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
100	100	100	0	0	100	100	100	0	0
101	100	100	0	0	101	100	100	0	0
102	100	100	0	0	102	100	100	0	0
103	100	100	0	0	103	100	100	0	0
104	100	100	0	0	104	100	100	0	0

BEERS, WINES—Cont.

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
105	100	100	0	0	105	100	100	0	0
106	100	100	0	0	106	100	100	0	0
107	100	100	0	0	107	100	100	0	0
108	100	100	0	0	108	100	100	0	0
109	100	100	0	0	109	100	100	0	0

DRAPERY & STORES—Cont.

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
110	100	100	0	0	110	100	100	0	0
111	100	100	0	0	111	100	100	0	0
112	100	100	0	0	112	100	100	0	0
113	100	100	0	0	113	100	100	0	0
114	100	100	0	0	114	100	100	0	0

ENGINEERING—Continued

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
115	100	100	0	0	115	100	100	0	0
116	100	100	0	0	116	100	100	0	0
117	100	100	0	0	117	100	100	0	0
118	100	100	0	0	118	100	100	0	0
119	100	100	0	0	119	100	100	0	0

INDUSTRIALS (Miscel.)

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
120	100	100	0	0	120	100	100	0	0
121	100	100	0	0	121	100	100	0	0
122	100	100	0	0	122	100	100	0	0
123	100	100	0	0	123	100	100	0	0
124	100	100	0	0	124	100	100	0	0

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
100	100	100	0	0	100	100	100	0	0
101	100	100	0	0	101	100	100	0	0
102	100	100	0	0	102	100	100	0	0
103	100	100	0	0	103	100	100	0	0
104	100	100	0	0	104	100	100	0	0

Five to Fifteen Years

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
105	100	100	0	0	105	100	100	0	0
106	100	100	0	0	106	100	100	0	0
107	100	100	0	0	107	100	100	0	0
108	100	100	0	0	108	100	100	0	0
109	100	100	0	0	109	100	100	0	0

Over Fifteen Years

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
110	100	100	0	0	110	100	100	0	0
111	100	100	0	0	111	100	100	0	0
112	100	100	0	0	112	100	100	0	0
113	100	100	0	0	113	100	100	0	0
114	100	100	0	0	114	100	100	0	0

Undated

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
115	100	100	0	0	115	100	100	0	0
116	100	100	0	0	116	100	100	0	0
117	100	100	0	0	117	100	100	0	0
118	100	100	0	0	118	100	100	0	0
119	100	100	0	0	119	100	100	0	0

Index-Linked

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
120	100	100	0	0	120	100	100	0	0
121	100	100	0	0	121	100	100	0	0
122	100	100	0	0	122	100	100	0	0
123	100	100	0	0	123	100	100	0	0
124	100	100	0	0	124	100	100	0	0

CORPORATION LOANS

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
125	100	100	0	0	125	100	100	0	0
126	100	100	0	0	126	100	100	0	0
127	100	100	0	0	127	100	100	0	0
128	100	100	0	0	128	100	100	0	0
129	100	100	0	0	129	100	100	0	0

COMMONWEALTH AND AFRICAN LOANS

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
130	100	100	0	0	130	100	100	0	0
131	100	100	0	0	131	100	100	0	0
132	100	100	0	0	132	100	100	0	0
133	100	100	0	0	133	100	100	0	0
134	100	100	0	0	134	100	100	0	0

LOANS

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
135	100	100	0	0	135	100	100	0	0
136	100	100	0	0	136	100	100	0	0
137	100	100	0	0	137	100	100	0	0
138	100	100	0	0	138	100	100	0	0
139	100	100	0	0	139	100	100	0	0

Public Board and Ind.

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
140	100	100	0	0	140	100	100	0	0
141	100	100	0	0	141	100	100	0	0
142	100	100	0	0	142	100	100	0	0
143	100	100	0	0	143	100	100	0	0
144	100	100	0	0	144	100	100	0	0

Financial

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
145	100	100	0	0	145	100	100	0	0
146	100	100	0	0	146	100	100	0	0
147	100	100	0	0	147	100	100	0	0
148	100	100	0	0	148	100	100	0	0
149	100	100	0	0	149	100	100	0	0

Building Industry, Timber and Roads

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
150	100	100	0	0	150	100	100	0	0
151	100	100	0	0	151	100	100	0	0
152	100	100	0	0	152	100	100	0	0
153	100	100	0	0	153	100	100	0	0
154	100	100	0	0	154	100	100	0	0

BEERS, WINES—Cont.

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
155	100	100	0	0	155	100	100	0	0
156	100	100	0	0	156	100	100	0	0
157	100	100	0	0	157	100	100	0	0
158	100	100	0	0	158	100	100	0	0
159	100	100	0	0	159	100	100	0	0

DRAPERY & STORES—Cont.

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
160	100	100	0	0	160	100	100	0	0
161	100	100	0	0	161	100	100	0	0
162	100	100	0	0	162	100	100	0	0
163	100	100	0	0	163	100	100	0	0
164	100	100	0	0	164	100	100	0	0

ENGINEERING—Continued

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
165	100	100	0	0	165	100	100	0	0
166	100	100	0	0	166	100	100	0	0
167	100	100	0	0	167	100	100	0	0
168	100	100	0	0	168	100	100	0	0
169	100	100	0	0	169	100	100	0	0

INDUSTRIALS (Miscel.)

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
170	100	100	0	0	170	100	100	0	0
171	100	100	0	0	171	100	100	0	0
172	100	100	0	0	172	100	100	0	0
173	100	100	0	0	173	100	100	0	0
174	100	100	0	0	174	100	100	0	0

CANADIANS

1990	Stock	Price	+/-	%	1989	Stock	Price	+/-	%
175	100	100	0	0	175	100	100	0	0
176	100	100	0	0	176	100	100	0	0
177	100	100	0	0	177	100	100	0	0
178	100	100	0	0	178	100	100	0	0
179	100	100	0	0	179	100	100	0	0

BEERS, WINES—Cont.

1990	100	100	0	0	1989	100	100	0	0
180	100	100	0	0	180	100	100	0	0
181	100	100	0	0	181	100	100	0	0
182	100	100	0	0	182	100	100	0	0
183	100	100	0	0	183	100	100	0	0
184	100	100	0	0	184	100	100	0	0
185	100	100	0	0	185	100	100	0	0
186	100	100	0	0	186	100	100	0	0
187	100	100	0	0	187	100	100	0	0
188	100	100	0	0	188	100	100	0	0
189	100	100	0	0	189	100	100	0	0
190	100	100	0	0	190	100	100	0	0
191	100	100	0	0	191	100	100	0	0
192	100	100	0	0	192	100	100	0	0
193	100	100	0	0	193	100	100	0	0
194	100	100	0	0	194	100	100	0	0
195	100	100	0	0	195	100	100	0	0
196	100	100	0	0	196	100	100	0	0
197	100	100	0	0	197	100	100	0	0
198	100	100	0	0	198	100	100	0	0
199	100	100	0	0	199	100	100	0	0
200	100	100	0	0	200	100	100	0	0
201	100	100	0	0	201	100	100	0	0
202	100	100	0	0	202	100	100	0	0
203	100	100	0	0	203	100	100	0	0
204	100	100	0	0	204	100	100	0	0
205	100	100	0	0	205	100	100	0	0
206	100	100	0	0	206	100	100	0	0
207	100	100	0	0	207	100	100	0	0
208	100	100	0	0	208	100	100	0	0
209	100	100	0	0	209	100	100	0	0
210	100	100	0	0	210	100	100	0	0
211	100	100	0	0	211	100	100	0	0
212	100	100	0	0	212	100	100	0	0
213	100	100	0	0	213	100	100	0	0
214	100	100	0	0	214	100	100	0	0
215	100	100	0	0	215	100	100	0	0
216	100	100	0	0	216	100	100	0	0
217	100	100	0	0	217	100	100	0	0
218	100	100	0	0	218	100	100	0	0
219	100	100	0	0	219	100	100	0	0
220	100	100	0	0	220	100	100	0	0
221	100	100	0	0	221	100	100	0	0
222	100	100	0	0	222	100	100	0	0
223	100	100	0	0	223	100	100	0	0
224	100	100	0	0	224	100	100	0	0
225	100	100	0	0	225	100	100	0	0
226	100	100	0	0	226	100	100	0	0
227	100	100	0	0	227	100	100	0	0
228	100	100	0	0	228	100	100	0	0
229	100	100	0	0	229	100	100	0	0
230	100	100	0	0	230	100	100	0	0
231	100	100	0	0	231	100	100	0	0
232	100	100	0	0	232	100	100	0	0
233	100	100	0	0	233	100	100	0	0
234	100	100	0	0	234	100	100	0	0
235	100	100	0	0	235	100	100	0	0
236	100	100	0	0	236	100	100	0	0
237	100	100	0	0	237	100	100	0	0
238	100	100	0	0	238	100	100	0	0
239	100	100	0	0	239	100	100	0	0
240	100	100	0	0	240	100	100	0	0
241	100	100	0	0	241	100	100	0	0
242	100	100	0	0	242	100	100	0	0
243	100	100	0	0	243	100	100	0	0
244	100	100	0	0	244	100	100	0	0
245	100	100	0	0	245	100	100	0	0
246	100	100	0	0	246	100	100	0	0
247	100	100	0	0	247	100	100	0	0
248	100	100	0	0	248	100	100	0	0
249	100	100	0	0	249	100	100	0	0
250	100	100	0	0	250	100	100	0	0
251	100	100	0	0	251	100	100	0	0
252	100	100	0	0	252	100	100	0	0
253	100	100	0	0	253	100	100	0	0
254	100	100	0	0	254	100	100	0	0
255	100	100	0	0	255	100	100	0	0
256	100	100	0	0	256	100	100	0	0
257	100	100	0	0	257	100	100	0	0
258	100	100	0	0	258	100	100	0	0
259	100	100	0	0	259	100	100	0	0
260	100	100	0	0	260	100	100	0	0
261	100	100	0	0	261	100	100	0	0
262	100	100	0	0	262	100	100	0	0
263	100	100	0	0	263	100	100	0	0
264	100	100	0	0	264	100	100	0	0
265	100	100	0	0	265	100	100	0	0
266	100	100	0	0	266	100	100	0	0
267	100	100	0	0	267	100	100	0	0
268	100	100	0	0	268	100	100	0	0
269	100	100	0	0	269	100	100	0	0
270	100	100	0	0	270	100	100	0	0
271	100	100	0	0	271	100	100	0	0
272	100	100	0	0	272	100	100	0	0
273	100	100	0	0	273	100	100	0	0
274	100	100	0	0	274	100	100	0	0
275	100	100	0	0	275	100	100	0	0
276	100	100	0	0	276	100	100	0	0
277	100	100	0	0	277	100	100	0	0
278	100	100	0	0	278	100	100	0	0
279	100	100	0	0	279	100	100	0	0
280	100	100	0	0	280	100	100	0	0
281	100	100	0	0	281	100	100	0	0
282	100	100	0	0	282	100	100	0	0
283	100	100	0	0	283	100	100	0	0
284	100	100	0	0	284	100	100	0	0
285	100	100	0	0	285	100	100	0	0
286	100	100	0	0	286	100	100	0	0
287	100	100	0	0	287	100	100	0	0
288	100	100	0	0	288	100	100	0	0
289	100	100	0	0	289	100	100	0	0
290	100	100	0	0	290	100	100	0	0
291	100	100	0	0	291	100	100	0	0
292	100	100	0	0	292	100	100	0	0
293	100	100	0	0	293	100	100	0	0
294	100	100	0	0	294	100	100	0	0
295	100	100	0	0	295	100	100	0	0
296	100	100	0	0	296	100	100	0	0
297	100	100	0	0	297	100	100	0	0
298	100	100	0	0	298	100	100	0	0
299	100	100	0	0	299	100	100	0	0
300	100	100	0	0	300	100	100	0	0

